DOCUMENT RESUME

ED 278 840 CE 046 388

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TITLE JTPA Evaluation at the State and Local Level. Volume III: A Guide for Process Evaluations.
INSTITUTION Washington State Dept. of Employment Security, Olympia.
SPONS AGENCY International Business Machines Corp., Armonk, N.Y.; National Commission for Employment Policy (DOL), Washington, D.C.
PUB DATE Mar 86
NOTE 200p.; A product of the JTPA Evaluation Design Project. For related evaluation materials, see CE 046 385-393.
PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01/PC08 Plus Postage.
DESCRIPTORS Coordination; Cost Effectiveness; Delivery Systems; Educational Legislation; *Employment Programs; *Evaluation Criteria; *Evaluation Methods; Federal Legislation; *Formative Evaluation; Local Issues; Program Content; *Program Evaluation; Program Implementation; *Statewide Planning
IDENTIFIERS *Job Training Partnership Act 1982; Service Delivery Areas

ABSTRACT

This guide is intended to assist states and service delivery areas (SDAs) in addressing the new oversight responsibilities and opportunities stipulated by the Job Training Partnership Act (JTPA) with respect to process evaluation. The first chapter provides an overview of the JTPA organizational system. Discussed next is the relationship among environment, governance, and the performance control system. The next four chapters deal with how to examine JTPA's mission, work, coordination, and social components. The final chapter covers interpreting findings. Appendixes include a JTPA implementation strategy and an explanation of why service delivery areas (SDAs) subcontract. A supplement entitled "Some Process Issues at the State Level" examines approaches to and methods of process evaluation. Appendixes to the supplement include discussions of the statewide JTPA service delivery system and cost-effectiveness analysis in an employment and training program. (MN)

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EVALUATION
DESIGN PROJECT

JTPA Evaluation at the State and Local Level

Volume III: A Guide for Process Evaluations

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By David Grembowski

March 1986

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Special appreciation is expressed to the National Commission for Employment Policy, for serving as the project's national sponsor and contributing substantial staff consultation to the project as it developed.

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Project Development and Coordination:

Washington State Employment Security
Isiah Turner, *Commissioner*

Project Funding:

National Commission for Employment Policy
IBM Corporation
Washington State Employment Security

CONTEXT OF THIS VOLUME

This is one in a series of volumes produced by the JTPA EVALUATION DESIGN PROJECT.

PURPOSE AND PHILOSOPHY

The purpose of this project has been to develop a set of evaluation tools that are useful to states and local service delivery areas (SDAs) in judging the way their JTPA programs are being managed and the impact they are having. The intention has been to base these analytic and managerial tools on sound program concepts and research methods, and to design them such that the information obtained is of practical and direct use in improving JTPA policies and programs at the state and local level. This kind of information is also expected to make a unique contribution to national training policy and Federal oversight of JTPA.

It is hoped that these volumes will stimulate and support state and local evaluation efforts in JTPA, and promote more consistency than in previous programs with respect to the issues studied and the methods used to investigate them. An important goal is to encourage the generation of complementary information on program implementation and impact that is comparable across states and SDAs. Comprehensive, comparable information is essential to the development of a valid and reliable knowledge base for resolving problems and improving programs. It is also required for adjusting national training strategies to changing needs and priorities at the state and local level.

PRODUCTS

Consistent with this purpose and philosophy, the project has produced a set of materials to assist states and SDAs in evaluating their programs. These are to be useful in planning, designing and implementing evaluation activities. As an integrated collection, each set is developed to support comprehensive evaluations over the JTPA planning cycle.

The careful tailoring of these materials to state and local users is appropriate. JTPA represents a new employment and training policy shaped not only by the experience of managers and the perspectives of employers, but by scientific assessments of previous approaches for addressing unemployment, poverty and other barriers to economic security. In this context, the value of JTPA programs is also expected to be judged. In fact, the Act's assessment requirements are more explicit and sophisticated than those of any employment and training legislation to date. It clearly distinguishes between *monitoring* activities, whose purpose is to determine compliance (such as with performance standards) and *evaluation* activities, whose purpose is to determine how a program is being managed and implemented, and the kinds of effects it is having on recipients and relevant others. Equally significant, new constitutencies are expected to make these more rigorous assessments. States and SDAs now have this important responsibility. It is the first time in the history of employment and training programs that the Federal government's evaluation role has been significantly reduced.

This change affords states and local areas opportunities to influence public policy. It also requires them to assume new oversight responsibilities. Program evaluation is expected to become an integral part of the management of organizations administering, planning and delivering public training services. This is as it should be. The more information available at these levels, where changes in organizations can most readily be made, the more effective the management of JTPA programs. This project was undertaken in that context.

The evaluation tools produced by the project have been developed with a sensitivity to the differing needs, interests and resources of state and local users. They have been packaged into a single comprehensive and integrated set of volumes called *JTPA Evaluation at the State and Local Level*. The set contains planning and evaluation *guides* and *issue papers*. The following volumes are available in the set:

Volume	Author
I: Overview	Project Team
II: A General Planning Guide	Deborah Feldman
III: A Guide for Process Evaluations	David Grembowski
III Supplement: Some Process Issues at the State Level	David Grembowski
IV: A Guide for Gross Impact Evaluations	Carl Simpson
V: A Guide for Net Impact Evaluations	Terry Johnson
VI: An Implementation Manual for Net Impact Evaluations	Terry Johnson
VII: Issues Related to Net Impact Evaluations	
A. Issues in Evaluating Costs and Benefits	Ernst Stromsdorfer
B. The Debate Over Experimental vs. Quasi-Experimental Approaches	Ann Blalock
VIII: MIS Issues in Evaluating JTPA	David Grembowski

NOTE: Although each of the discrete products listed above is the responsibility of a single author, each seeks to incorporate the results of professional peer review, the many excellent recommendations of the advisory group, and the ideas and suggestions of the numerous practitioners interviewed in the process of developing these materials.

To further qualify these volumes, Volume III is accompanied by a supplement for state users. This is consistent with the significant differences between states and SDAs in the kinds of process issues that are most essential to study. The volume on net impact evaluations is sufficiently technical, because of the statistical methods involved, that a practical manual has been written to accompany it. This guide and manual tend to be more appropriate for states, since relatively large sample sizes are required for analysis. However, they are equally useful to larger SDAs and consortia of smaller SDAs which may want to jointly study the net impact of their programs. Regional evaluations, for example, can be very productive in providing management information relevant to regional labor markets. Although there is a separate issue paper on evaluating costs and benefits, this issue is also covered in the gross impact and net impact guides. In this respect, the user benefits from three related but different approaches to this important element of program evaluations. Also, the user should be aware that the Appendix of Volume II includes *A Report on a National/State Survey of Local JTPA Constituencies*. This survey was carried out by Bonnie Snedeker, with the assistance of Brian O'Sullivan, to provide additional input from practitioners to the development of the planning and process evaluation guides.

In conclusion, several expectations have directed the development of these volumes:

THE GUIDES

The General Planning Guide

This guide is to assist users in *planning, funding and developing an organizational capacity* to carry out process, gross outcome, and net impact evaluations and to *utilize their results*. Separate state and local versions are available.

The Evaluation Guides

These volumes are to have the following characteristics:

☐ The guides are to *complement* one another.

- They are to provide information on program management and other characteristics of program implementation, which can:
  - —Describe the way in which administrative, managerial and service delivery policies and practices operate to affect outcomes, as a set of interventions separate from the program's services.
  - —Pinpoint the source, nature and extent of errors and biases for which adjustments must be made in gross and net impact evaluations.
  - —Help explain the results of gross and net impact evaluations.
- They are to provide information on aggregate gross outcomes, and outcomes differentiated by type of service and type of recipient, which can:
  - —Describe relationships between certain implementation modes and service strategies, and a broad array of client and employer outcomes.
  - —Help explain the results of net impact evaluations.
  - —Suggest the more important outcomes that should be studied in net impact evaluations.
  - —Help sort out those aspects of implementation that may be most critical to study in process evaluations.
- They are to provide information on net impact (the program's return on investment), which can:
  - —Closely estimate the effect of the program's services on clients.
  - —Suggest which services and client groups are most important to study in broader but less rigorous gross impact studies.
  - —Help identify the decision points in program implementation (particularly service delivery) which may be most important to study in process evaluations.

☐ The guides are to enable the user to carry out *comprehensive assessments* of JTPA programs.

- They are to allow the user to acquire several different perspectives on the same program within a particular time period: on program implementation, on outcomes for clients and employers and on net impact.
- They are to permit the user to interrelate these different kinds of information to gain a wider understanding of what is happening in a program and why.

☐ The guides are to describe approaches and methodologies as consistently as possible, to achieve *comparability*.

- They are to define variables and relationships as similarly as possible.
- They are to define research designs, and methods of data collection and analysis using as similar concepts as possible.

☐ The guides are to *draw from past research* on employment and training programs, as well as seek *new* approaches and methods of specific value in evaluating JTPA at the state and local level.

- They are to replicate, to the extent possible and feasible, the issues and measures reflected in Federal monitoring and evaluation decisions.
- They are to make selective use of the results of relevant CETA studies, national studies of JTPA, and issue papers on JTPA evaluation by national public interest organizations in the employment and training area.
- They are to rely on the professional literature in applied social research.

THE ISSUE PAPERS

Volume VII contains two issue papers which serve as companion pieces to the preceding volumes on net impact evaluation. The first paper on cost-benefit issues is designed to help users identify, measure and analyze relationships between monetary and nonmonetary costs and benefits in determining the program's return on investment. The second paper examines the pros and cons of different research strategies associated with the net impact approach. The final volume on MIS issues is to assist users in better understanding how JTPA and other employment and training *management information systems* can efficiently support the evaluation of program implementation and impact.

THE SET OF VOLUMES

The set is *integrated*, but affords *flexible use*. The user can utilize the entire set for comprehensive evaluations over a two-year planning cycle or longer planning period, or the user can apply the information in each volume independently, based on the most pressing evaluation priorities and timeframes and given the extent of resources, during a particular fiscal year or biennium.

It should be understood that although evaluation products have been developed for JTPA, their basic principles and methods can be applied more broadly by states and local areas to evaluate other employment and training programs and other social programs.

GENERAL ACKNOWLEDGMENTS

The JTPA EVALUATION DESIGN PROJECT was developed and carried out based on the partnership philosophy that underlies the JTPA legislation. Several partnerships should be recognized for their substantial contributions to the products previewed here: the project development and coordination partnership; the public-private funding partnership; the interdisciplinary design partnership; and the advisory partnership.

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The Public/Private Funding Partnership

Funders:

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Special appreciation is expressed to the Commissioner and Deputy Commissioner of the Employment Security Department, Isiah Turner and Ernest La Palm, for supporting the need for evaluation at the state and local level and intitiating this project to address that need. They provided the strong encouragement and the resources necessary for designing the project, seeking a funding base for carrying it out and coordinating its development.

Other individuals made unique contributions to the development of the project: John Wallace and Ann Donohue of the National Commission for Employment Policy; Kay Albright of the National Governors Association; Dan Kelly of IBM's Corporate Support Program and Jim Ward of IBM's Olympia, WA office; Mark Cooper of the Safeco Insurance Company; and Steve Ballowe of SPSS, Inc.

AUTHOR'S ACKNOWLEDGEMENTS

No author is an island. Several persons contributed directly or indirectly to the development of the state and local process evaluation guides. First and foremost I wish to thank all state, SDA and subcontractor administrators in Washington State who generously shared information about their JTPA programs. This information was critical in understanding "what goes on" in the real world of JTPA. The process guides could not have been developed without such cooperation. I also want to thank Deborah Feldman, who provided valuable support in collecting program information from subcontractors. For similar reasons I wish to thank the members of the project's National Advisory Committe for their comments on earlier versions of the process guides. Ann Blalock, Gary Bodeutsch, Brian O'Sullivan, Carl Simpson, Bonnie and David Snedeker and Ernst Stromsdorfer also provided useful reviews of earlier drafts. Many of their points are reflected in the final work.

This project had many actors. Bringing them together and coordinating their respective products proved to be a gigantic task. My applause goes to Ann Blalock and Gary Bodeutsch, who pulled off this feat in a gracious way. Thanks are also extended to Ernie La Palm for his continued support of our efforts.

Last, I wish to thank Sandy Abitz for timely and professional word processing support throughout the project.

David Grembowski

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APPENDIX B
WHY SDAs SUBCONTRACT

WHY SUBCONTRACT

Previous studies of CETA show that subcontracting has twin benefits. [9] First, prime sponsors that subcontracted all services usually had better goal achievement than prime sponsors who provided all or part of the programs directly. Second, prime sponsors subcontracting all services also had higher placements and lower costs than prime sponsors providing all or some services, assuming competent subcontractors existed in the community. In short, the greater the level of subcontracting, the greater the performance (as measured in terms of goal achievement, program costs and placements).

These findings might be surprising to some people. We might have expected that providing most services directly to clients, where staff control is greatest, would result in better performance. Some of the following advantages of subcontracting suggest why it has worked so well under CETA:

- Subcontracting encourages the efficient allocation of SDA resources. The SDA can choose where to put its funds among competing subcontractors.

- The SDA can spread its risks across different agencies. In contrast, if one part fails in the service provider SDA, the entire SDA may perform poorly.

- For SDAs providing services through satellite offices, this arrangement helps train managers.

- The SDA can easily develop new programs (through the RFP process) or cancel programs that perform poorly.

- Perhaps most importantly, subcontracting allows SDAs to concentrate on its mission component (goal setting, planning, monitoring performance), while subcontractors perfect service delivery operations, or the work component. In other words, this allows each organization to specialize, and with increased specialization comes the usual increases in effectiveness and efficiency.

Of course, SDAs may have their own, practical reasons for subcontracting: a large number of competent agencies may exist in the community; the SDA may have inherited CETA staff, who administered contract programs; SDA staff lack skills for running training programs; or local agencies may put pressure on the SDA and local government to subcontract services. All of these factors influence SDA and PIC choices to consider subcontracting their services.

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PREFACE

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Definition of Program Evaluation
Definition of Impact Evaluation
Definition of Process Evaluation
Relationship Between the Process and Impact Guides
Congressional Intent—The Major Outcomes of JTPA
Why Programs Succeed or Fail
Overview of the Guide's Chapters

One fall, a small cricket found himself becoming colder and colder with each passing evening as the weather turned wintery. So he went to the wise old owl of the forest and said to him, "Oh wise old owl, please tell me what to do. The weather is getting colder and every evening I shiver and shake with the cold. If I don't do something soon, I know I will soon freeze to death. What can I do?"

"The answer to that is simple," said the wise old owl. "Just turn yourself into a grasshopper, and hibernate for the winter."

"But how can I turn myself into a grasshopper, oh wise old owl?" asked the cricket.

Replied the owl, "Humph, don't bother me with the details. I've given you the principle. You implement it."

Mary Ann Scheirer
PROGRAM IMPLEMENTATION

With passage of the Job Training Partnership Act (JTPA) in 1982, Congress created new principles for organizing and operating the nation's largest employment and training program. States would assume a greater administrative role. Services to the economically disadvantaged would be provided through local "service delivery areas" (SDAs). New partnerships would be formed between the private sector and state and local governments. Performance standards would be enforced. With the new principles, however, came very few details on implementing JTPA. No "how-to" books or other resources existed to guide implementation. States and SDAs soon realized that they were "on their own," and that successful implementation of JTPA would be a learning process as they ventured into new administrative territory.

This is, in essence, what evaluation is, a learning process, that can be used to improve JTPA performance. Formally defined, evaluation is the collection and analysis of information by various methods to determine the effectiveness and efficiency of JTPA activities. In its simplest form, evaluation involves carefully examining JTPA to identify program elements that do and do not work, at what cost and for what reasons. In short, evaluation helps decision-makers pinpoint and understand the conditions associated with program success and failure. As such, it is a management tool.

When these conditions become known, implementing the conditions necessary for effective and efficient service delivery becomes possible. If state and local evaluations of JTPA were conducted nationwide, they would likely indicate that substantial program variation exists across service delivery systems, making simple blanket endorsements ("it works") and wholesale rejections ("it doesn't work") less appropriate and meaningful.

However, many states and SDAs are unprepared to conduct evaluations of JTPA programs. Prior to JTPA, few states and local areas had performed evaluations of their employment and training programs. If each agency

independently developed its own evaluation design, much duplication of effort and inconsistency in the designs might result. To correct this situation, the National Commission for Employment Policy funded the Washington State Employment Security Department to develop evaluation designs for use at the state and local level. The designs are intended to provide guidance and some uniformity to JTPA evaluation efforts across states and local areas. [36]

IMPACT EVALUATION

In this project and most program evaluations, two types of evaluations may be conducted, impact and process. As its name implies, impact evaluations determine the results, or outcomes, produced by the program. Congress has defined three major outcomes for JTPA: increased employment, increased earnings and reduced welfare dependency (Sec. 106). Congress also has mandated that a fourth outcome, retention in unsubsidized employment, be used in judging the success of the program.

In an impact evaluation each outcome can be examined in three different ways: proximate, final and distributive. Proximate outcomes refer to the immediate results of program efforts. For example, proximate outcomes for a welding training program might include getting a job after training, or getting a job in welding or a related specialty. Final outcomes refer to the long-term results of the program--for example, whether an individual is still employed with increased earnings one year after training. Positive proximate outcomes do not show conclusively that a participant has improved his or her long-run earning capability. However, their presence does suggest that individuals are progressing toward stable employment, while their absence may indicate little progress toward longer-run benefits.

The last type is distributive outcomes, which define proximate and final outcomes for specific target groups (e.g., welfare recipients, minorities, etc.) or geographic areas (e.g., rural vs. urban). Distributive outcomes reflect equity issues in service delivery (i.e., who receives the benefits of the program) and are a source of variation useful in explaining program outcomes. Congress has defined JTPA's two chief distributive outcomes: among eligible applicants, (1) services should be provided to those who can benefit from, and who are most in need of, such opportunities; and (2) services should be distributed equitably among substantial segments of the eligible population (Sec. 141).

Outcomes may be measured at the completion of training (proximate), one year after training (final) or for distinct groups of participants, such as the handicapped (distributive). By themselves, these measures are commonly known as "gross outcomes," or simple percentages, totals or averages describing JTPA performance. Most SDAs monitor gross outcomes of participants, but monitoring alone cannot identify which services produce the best outcomes. By performing a "gross impact evaluation," an SDA can determine the relative effectiveness of each service in achieving JTPA outcomes.

Gross outcomes, however, may be the result of a variety of factors, such as the services participants receive in JTPA, the education or job history of participants prior to entering JTPA, or changes in a local economy. The central aim of an impact evaluation is to differentiate among these alternative causes to isolate and measure those participant outcomes produced by JTPA alone. The latter measures are known as "net outcomes," and evaluations estimating these service effects on outcomes are known as "net impact evaluations."

Thus, while gross outcomes merely document program results produced by any number and variety of factors, net outcomes pinpoint results caused by the program. Therefore, net outcomes are a more accurate measure of program achievements than gross outcomes.

PROCESS EVALUATIONS

Impact evaluations provide only part of the information needed in program evaluation. By their methods, outcome evaluations often treat programs as "black boxes": what goes on inside the program (or box) to produce the results is rarely assessed. Thus, while impact evaluations inform us about the results produced by the program, they rarely explain why the results were found. Process evaluations (also known as implementation assessments, or evaluations of program implementation) fill this knowledge gap by analyzing the processes that produce program results. The common aim of most process evaluations is to describe the black box--to specify the interventions and implementation strategy that caused the program's outcomes.

In a process evaluation, different questions are asked depending on program outcomes. In general, programs may have the three possible outcomes listed on the left in Exhibit 1. These are translated, on the right, for JTPA.

EXHIBIT 1

JTPA OUTCOMES

	OUTCOME	JTPA
I.	Positive/beneficial effect	Increased employment Increased earnings Reduced welfare dependency
II.	No effect	No change in employment, earnings, or other outcomes
III.	Opposite, negative effect than that intended	Increased welfare dependency Reduced earnings Reduced employment

For programs with positive outcomes, the key question in a process evaluation is "What worked?" [18,36] Little is gained from measuring the outcomes of a program that cannot be described. Knowing why a program works can assure its continued success in the future, while also helping other SDAs duplicate the program in their own jurisdictions.

For the remaining two outcomes in Exhibit 1 (no effect and negative effects), process evaluations can help decipher the reasons for inadequate achievement. While somewhat simplified, programs fail to achieve their objectives for two reasons. [27] First, the program's services may not work as intended. In general, programs provide services to achieve a result. The typical reasoning is along the lines of, "If we do X now, then Y will result," where X is a service and Y is the intended outcome. These "if-then" relationships are known typically as a program's "theory of cause and effect." In JTPA, Congress has authorized a number of participant services (Sec. 204). Congress reasoned that if participants received these services, they would achieve increased employment and earnings and reduced welfare dependency. No iron-clad guarantee exists that JTPA's theory of cause and effect will work. If Congress' theory is wrong, the services that participants receive may not produce intended results (as listed in Exhibit 1).

A second reason why some programs fail is faulty implementation. This can happen in two ways. First, the wrong means of implementation may be chosen. That is, programs can fail simply because their implementation strategies do not work in the field. Second, a program with a sound implementation strategy may still fail if it is not implemented as intended. Issues such as these are a primary focus.

Congress has defined the major elements of JTPA's implementation strategy. Some of these elements are listed below. (See Appendix A for a more detailed discussion of these elements).

- Decentralization (or transfer) of responsibility from the federal level to the state and local levels.
- A statewide service delivery system composed of the state, SDAs, subcontractors and coordinating agencies, each having its own responsibilities in the system.
- Public-private partnership: The State Job Training Coordinating Council and the Private Industry Council.
- Performance standards.
- Incentive and technical assistance funds.
- Coordination criteria.
- Eligibility standards.
- The 40 percent youth allocation and the 70/30 percent adult allocation of Title II funds.

The list conveys Congress' thinking about how JTPA should work. Under the Reagan administration, JTPA was one of several programs where responsibility was transferred from the federal level to states and local areas. Performance standards were established for two reasons: (1) to assure state and local accountability for public funds; and (2) to assure that JTPA's major outcomes--increased employment and earnings and reductions in welfare dependency--would be achieved. Mechanisms were also created to assure that JTPA's distributive outcomes would be achieved. Eligibility standards were imposed to limit entry to those most in need. Funds were allocated to specific groups, such as youth, adults and older workers. In addition, coordination plans and criteria were introduced to expand the scope of services available to JTPA participants. Incentive and technical assistance funds were also included to assure high levels of performance across SDAs. Clearly, many implementation decisions were left to states, SDAs, subcontractors and coordination agencies. However, these decisions are always made within the broader implementation strategy imposed by Congress. Like JTPA's services, no iron-clad guarantee exists that JTPA's implementation strategy will work as Congress intended. Furthermore, no guarantees exist that states, SDAs and subcontractors can implement JTPA as Congress intended.

In short, JTPA is a giganitic, national experiment in employment and training policy. Congress created JTPA in response to serious unemployment problems. JTPA's services are the experiment's treatment, or intervention; JTPA's implementation strategy prescribes how these services should be provided. Will the experiment produce results intended by Congress?

Programs are successful when good theory and good implementation combine to produce intended outcomes, as shown in cell 1 of Exhibit 2 below. [24] Programs with good implementation may still fail under a bad theory (cell number 2), just as bad implementation may destroy an otherwise theoretically sound intervention (cell number 3). When theory and implemenation problems occur separately, they may be corrected in some cases to produce positive outcomes. When both occur simultaneously, the choice is simple, discard the program (cell number 4).

EXHIBIT 2

REASONS FOR PROGRAM SUCCESS AND FAILURE

		THEORY OF CAUSE AND EFFECT ("Service Strategy")	
		GOOD	BAD
IMPLEMENTATION STRATEGY	GOOD	1. No problem (program success)	2. Theory (policy) problem
	BAD	3. Implementation (control) problem	4. No problem (discard program)

In an SDA process evaluation our first concern is defining an SDA's service strategy (or theory of cause and effect) and implementation strategy in greater detail. A useful way of doing this is to construct models of program operations at the SDA level. A model of a program's service strategy defines the sequence of events in a program's interventions, or treatments, and how they are linked to produce program results. A model of a program's implementation strategy specifies the organizational mechanisms for achieving results that work either to promote or inhibit program outcomes. (See Exhibit 1.) Together the two models focus the process evaluation on the program's critical features to form a framework for guiding later analyses. By further narrowing our focus on the manipulatable elements of these models, a process evaluation may conserve scarce JTPA resources by providing information directly useful to SDA management for improving program outcomes.

Chapter 1 presents a model of the SDA's service strategy and implementation strategy. The model views the SDA as an "organizational system." This simply means that the SDA is an organization composed of several parts that work together to produce JTPA outcomes. By identifying the parts and examining how they work, we can discover the reasons for program success or failure in an SDA. In short, the model helps structure the process evaluation, serving as a step-by-step guide for examining how an SDA operates, and how these operation's succeed--or fail--in achieving JTPA outcomes.

After an overview of the SDA model is presented in Chapter 1, Chapters 2 through 6 examine different parts of the model. Each chapter will describe a particular part, its relationship to other parts in the model, and methods for examining the part in your own organization. In a concluding chapter, methods are presented to help you interpret what you have found. By following these chapters, you will have performed a process evaluation of your SDA.

This guide should be useful to administrators in SDAs and subcontractors. It is intended to be a management tool for solving day-to-day problems as well as for performing comprehensive reviews of SDA or subcontractor operations. Two caveats should be mentioned here. First, the handbook does <u>not</u> prescribe solutions to specific problems. It <u>does</u> describe how you can study a problem, understand its causes, and formulate a workable solution that meets your specific situation. Second, methods for conducting process evaluations (of JTPA and other programs as well) are still in their infancy. The methods described in this guide are comprehensive and are based on current, state-of-the-art techniques specifically adapted to the JTPA program. Thus, the guide's methods represent just one of several possible ways of performing a process evaluation. As SDAs gain experience with process evaluations, the guide's methods will likely become more refined and sophisticated to help local administrators understand "what truly goes on" in JTPA.

CHAPTER 1
OVERVIEW OF THE JTPA ORGANIZATIONAL SYSTEM

An SDA Problem—And a Decision to Perform a Process Evaluation to Solve It

The "JTPA Connection," or Matching Participants with Employers

SDAs and Subcontractors as Organizational Systems

Model of the Organizational System

How to Use the Model to Solve Problems and Explain Gross Outcomes

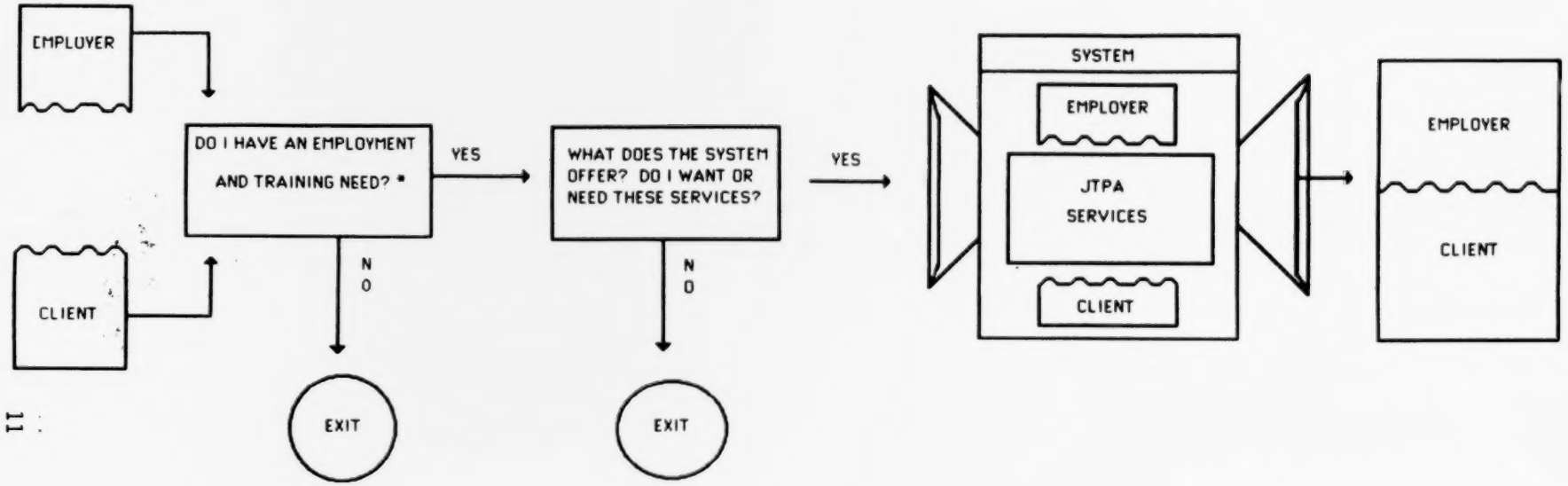
The SDA Director had a problem with one of her subcontractors. The subcontractor was responsible for providing most of the SDA's youth services. During the first program year, the subcontractor had a good performance record. For the past several months, however, the subcontractor had failed to meet its performance standards. Two months ago the SDA had increased its monitoring and compliance efforts, but this only seemed to make the problem worse. In fact, the subcontractor was now accusing the SDA as being the cause of the problem! Regardless of who was actually at fault, she thought the PIC would probably terminate the subcontractor's contract. But what if the SDA really was the source of the problem, as the subcontractor claimed? If this was true, similar performance problems might occur with other subcontractors in the future. She decided to perform a process evaluation to find the answers to her questions. The process evaluation begins with a model of "what goes on" in JTPA organizations at the local level.

By approving the JTPA, Congress implemented a nationwide training program,

> --to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment. (Sec. 2)

The emphasis here is on the participant, but, clearly, the success of JTPA depends on the actions of at least three groups of people: participants, employers and JTPA administrators. In its simplest form, JTPA is a program for connecting participants with employers in local labor markets through authorized services specified in the Act, as shown in Exhibit 3 on the next page.

EXHIBIT 3: THE JTPA CONNECTION



* EMPLOYER NEEDS WORKER, CLIENT NEEDS JOB

In the next section we present a more detailed model of how SDAs and subcontractors operate to match employers and participants. Before we begin, a word of caution is needed. Parts of this section have a air of finality, as if the model perfectly matches what goes on in the JTPA service delivery system. That is not true, because all models--whether they are of organizations, airplanes or persons--are a simplification of reality. Real organizations are enormously complex. Models help us manage the complexity, to simplify it and sharpen its features, making the organization easier to understand.

The models presented in this section may not exactly match your own program or image of JTPA. But they should nonetheless serve as building blocks for developing and implementing process evaluations customized to your own program.

MODEL OF THE JTPA ORGANIZATIONAL SYSTEM

In our model the SDA 1/ is viewed as an "organizational system." [10,11,16,17] That is, the SDA is just one organization in a larger environment that includes the state, subcontractors and other service agencies, such as welfare. As an organization, an SDA is composed of several interrelated parts that work together to accomplish predetermined goals and objectives. A model of the SDA organizational system is presented in Exhibit 4 on the next page. The parts of the model and their interrelationships are known as the system's structure. The flows of resources and information through the organization, shown by the arrows in Exhibit 4, are the system's processes. These flows are controlled by decision-making and key decisions are indicated in the model. Now, let's walk through the model, reviewing each part individually.

ENVIRONMENT. The flow of activity in the model begins with the environment, or everything outside the SDA organization. 2/ The environment includes other organizations in the service delivery area, such as subcontractors and welfare agencies, federal and state laws and regulations affecting the SDA, and local economic, social and political conditions that influence service delivery. Because the environment normally consists of elements the SDA cannot control, the environment often represents fixed conditions, or constraints, to which the SDA must

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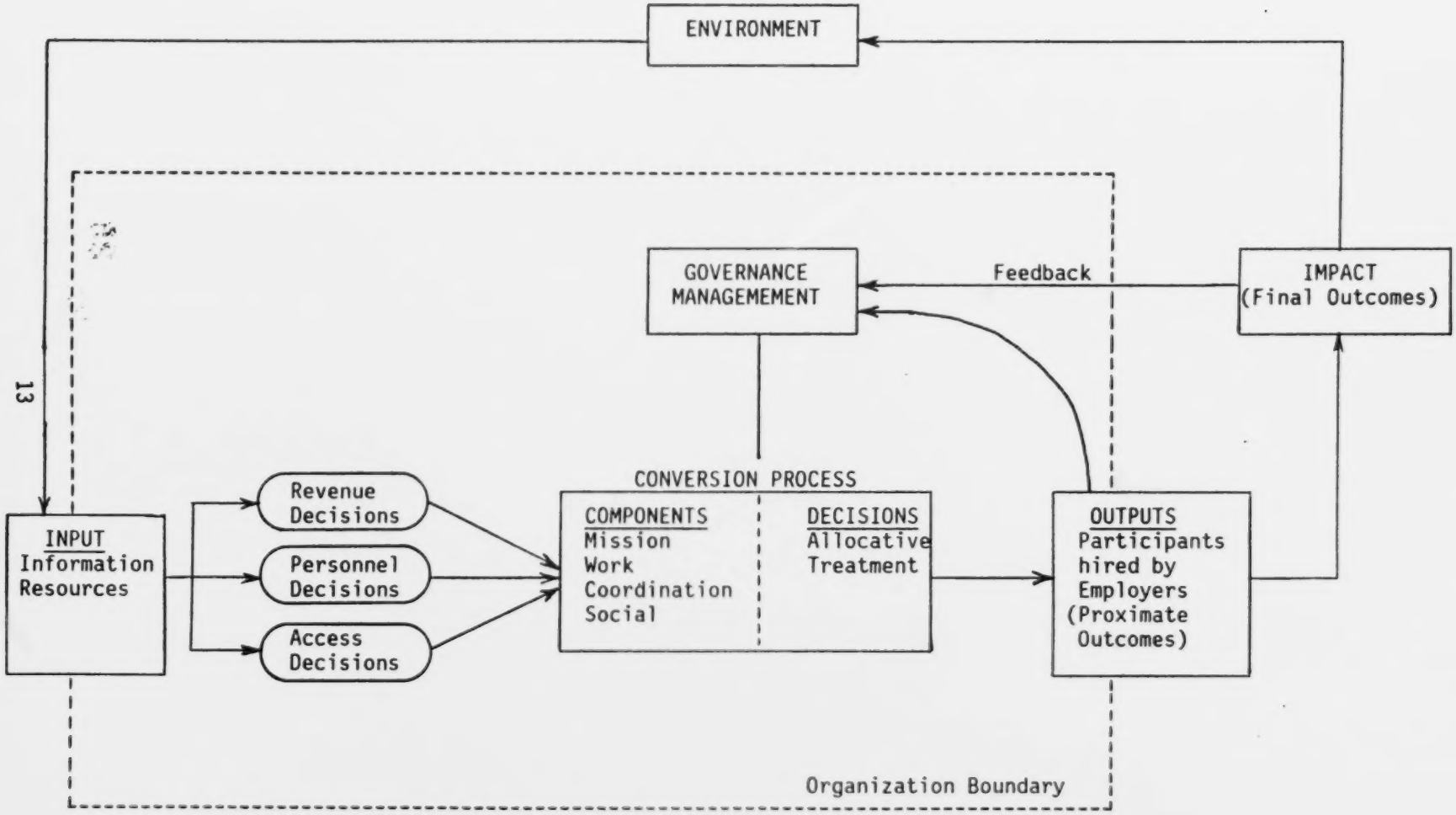
1/ Although we continually refer to the "SDA" throughout this discussion, the model can also be applied to subcontractors.

2/ A BOUNDARY, the dashed line in Exhibit 4, separates the SDA organization from the environment. Everything outside the boundary is part of the environment; everything inside is part of the SDA organization.

EXHIBIT 4
SDA PROCESS MODEL



adapt in order to survive in the long-run. 3/ For some fortunate SDAs, the environment can also help them achieve their goals and performance standards, such as by having a pool of well-qualified subcontractors to draw from.

INPUTS. The environment is the source of inputs that the SDA uses to achieve its goals. Inputs consist of resources (such as participants, employers, staff, materials and supplies) and information (such as information about the local economy). The flow of inputs into the SDA is governed largely by revenue, personnel and access decisions. Revenue decisions govern the flow of money from the environment into the system. Although Congress determined formulas allocating funds among states and service delivery areas, the SDA must determine the entity receiving JTPA funds. SDAs can also decide whether to supplement JTPA funds with other local revenues.

Personnel decisions govern the flow of specialized knowledge or technical expertise into the system. They determine who is hired and fired and whether consultants are used. They also determine PIC memberships within the requirements imposed by Congress (Sec. 102). These decisions are important because the quality of personnel often determine whether programs succeed or fail.

Access decisions primarly govern the flow of participants and employers into the system. Congress has placed few restrictions on employer participation but has established eligibility requirements for participants. Among those eligible to receive services, access decisions determine who does and does not receive services under JTPA's limited funds. Access decisions have a great influence on SDA's distributive outcomes.

OUTPUTS. Looking at the big picture (Exhibit 4), the SDA uses inputs to produce outputs--in this case, participants hired by employers (as well as participants with non-positive terminations). The outputs in Exhibit 4 correspond with the proximate outcomes discussed in the Introduction.

CONVERSION PROCESS. Inputs are transformed into outputs through the conversion process, which consists of four components: mission, work, coordination and social. Each of these is described below.

MISSION. The mission component defines the goals of the organization. Congress has established the purpose of JTPA in Section 2 of the Act. Congress expanded this training goal by making SDAs accountable for training outcomes through performance standards (Sec. 106). However, in delegating accountability to SDAs, Congress also granted SDAs discretion to develop local goals tailored to address their local employment and training problems.

3/ Technically speaking, an SDA cannot go bankrupt due to poor performance, but it can be radically reorganized by the Governor.

This transfer of responsibility occurred because Congress assumed that local people were most knowledgeable of their employment and training problems, and that a more effective and efficient program (including increased coordination of services) would result by placing authority near the locus of the problem. [4, 5, 34]

This means that goals will vary across SDAs. Each SDA develops its own set of goals in response to environmental constraints (e.g., local economic, social and political conditions), the values of PIC members and other considerations. Once goals are developed, specific objectives are usually assigned to each goal. The objectives serve as "indicators" that inform management whether a goal has been achieved. In principle, if an SDA achieves all of the objectives associated with a goal, then the SDA has achieved its goal.

After the SDA has developed goals (and objectives), it must develop a strategy, or plan, for accomplishig them. This activity is known commonly as strategic planning in most organizations. Several key decisions are made during this planning process. First, treatment decisions must be made about what services to offer participants, employers, and the community as a whole. (See Exhibit 4.) That is, the SDA decides the service strategies that will be used to increase employment, increase earnings and reduce welfare dependency among participants. (See the Introduction.) This includes decisions to enter into coordination agreements with outside agencies to expand the scope of services available to particpants.

Second, access decisions, as defined earlier, are made to determine what target groups will receive the services. Third, allocative decisions are also made to determine how resources are allocated among the SDA's services and target groups. That is, allocative decisions determine the mix of money and personnel that will be applied to each participant and employer that the SDA serves. This includes deciding whether the SDA subcontracts all service delivery to other organizations, or whether the SDA delivers some or all services itself.

These decisions are documented in the SDA's job training plan, which can serve two purposes. First, the SDA can use the plan as a blueprint for guiding service delivery during implementation of the plan. Second, by submitting the plan to the state for approval, the SDA is complying with an administrative requirement for obtaining JTPA funds. The latter purpose can be the sole purpose of the plan in some SDAs.

For SDAs that subcontract part or all of their services, the mission component also includes operation of the performance control system, which monitors subcontractor performance. This is discussed later in the Feedback section.

Although the emphasis has been on the SDA, subcontractors are organizations, too, and have mission components as well. Thus, subcontractors also perform their own goal-setting and strategic planning. This will be discussed in greater detail in Chapter 4.

In summary, the mission component defines the SDA's goals. Through strategic planning, a job training plan is developed that describes how the SDA will achieve its goals. Because of the planning flexibility allowed by Congress, goals vary across SDAs, likely causing parallel variations in proximate, final and distributive outcomes as systems are pushed in different directions.

WORK. The work component is the organization's means of achieving its goals and includes the procurement of resources, such as participants (through outreach services), work flow procedures, the treatments participants receive, and the paths that participants and employers traverse through the system. The work component also includes non-JTPA services that participants can receive through coordination agreements, such as those with welfare agencies. The work component also contains SDA activities not related directly to service delivery, such as operating a local economic development program or conducting a study of the local economy. For a process evaluation, however, the key point is that the work component is where the SDA's service strategy is executed.

Decision-making also occurs in the work component. For each participant (and, to a lesser extent, for each employer as well) staff decide who gets services (access decisions) and what services these will be (allocative decisions).

If the SDA subcontracts all of its services, the work component is performed largely by other organizations. If the SDA subcontracts only a part of its services, the work component is divided among the SDA and subcontracting organizations. Under either service arrangement, service delivery and decision-making is distributed across several organizations. As a consequence, the coordination of services among providers becomes a central concern of the SDA.

COORDINATION. Every organization of human activity creates two fundamental and opposing requirements: the division of labor into various tasks to be performed, and the coordination of these tasks to accomplish the activity. [16] The coordination component includes mechanisms for coordinating (1) SDA-provided services with subcontractor-provided services; (2) SDA and subcontractor-provided services with outside agency services (such as welfare); and (3) service delivery among subcontractors. Whether an SDA has all three coordination mechanisms depends on the treatment, allocative and access decisions made in the mission component. In addition, the coordination component also includes organizational responsibilities, communication patterns, and rule-making processes.

SOCIAL. This component refers to the "social climate" of the organization: participant, employer and staff satisfaction and morale, the social norms of informal groups, participant, staff and employer needs, and the professional and mission-oriented values of the system. The social component has a special relationship with the previous three components of the conversion process. If an organization--SDA or otherwise--is to survive in the long-run, it must overcome four problems: (1) define its purpose (mission); (2) determine what means to use to achieve its mission in the environment (work); (3) coordinate its efforts (coordination); and (4) solve the above three problems with the minimum of strain and tension (social). [13] That is, goals are intended to

effect some change. Conflicts inevitably occur as resources are manipulated in the work and coordination components to achieve the organization's mission. Severe conflict can undermine an organization's effectiveness and efficiency--if not threaten its very survival. Therefore, organizations seek to maintain tensions and conflicts at reasonable levels through various mechanisms, such as involving client/employer/interest groups in the planning process, or through an "open-door" management style. Thus, just like the work and coordination components, the social component also plays an important role in achieving the organization's goals.

GOVERNANCE. The conversion of inputs into outputs is directed by governance. For an SDA, governance usually includes PIC members, the SDA director and managers. One primary function of governance is to establish the goals of the organization, and to make sure that its work, coordination and social components achieve them.

IMPACT. Over the long run, SDA outputs have an impact on the environment. These impacts are reduced unemployment (or job retention), increased earnings and reduced welfare dependency among former participants, as measured by final outcomes. (See the Introduction.)

FEEDBACK. Together, the output and impact elements of the model measure gross outcomes. Through the feedback process, both inform governance and management how well the system is operating. If they receive information, or feedback, indicating a discrepancy between system goals and output (such as a failure to meet performance standards), governance and management may alter the components of the conversion process to minimize or eliminate the difference. In most organizations, this feedback process is known as the performance control system, which is described in greater detail in Chapter 3.

In summary, the model in Exhibit 4 describes organizational structures and processes common to most SDAs and subcontractors in JTPA. In terms of the SDA process evaluation, everything inside the SDA's boundary (the dashed line in Exhibit 4) constitutes the SDA's implementation strategy. (See the Introduction.) The SDA's service strategy consists of services offered to participants and employers in the work component. Thus, the SDA's service strategy is a subpart of the agency's overall implementation strategy.

Up until this point only the structure and processes of the organizational model have been presented. In the next section we complete the model with the two conditions that determine whether the organization operates well or poorly.

CONDITIONS REQUIRED FOR ORGANIZATIONAL SUCCESS

Normally, organizations operate well when two conditions are satisfied. First, all four components--mission, work, coordination and social--must be involved in the conversion process. Problems usually occur when one component has been overlooked. For example, an SDA may not have developed any goals and, as a consequence, effort is rarely directed at achieving some ultimate purpose. Similar examples for the other components are listed below.

COMPONENT	EXAMPLE
Mission	No goals exist.
Work	Participants receive little training.
Coordination	No mechanisms exist for coordinating services among agencies.
Social	No mechanisms exist for solving staff grievances, causing low staff morale.

Thus, one of the key tasks in a SDA process evaluation is to examine whether all four components are involved in the conversion process. However, caution must always be exercised in performing this task. Organizations sometimes emphasize one component over the others. Given that JTPA is a relatively new program, it may be appropriate for SDAs to concentrate on different problems--or components in the organization--at different stages of their development.

> It might be argued, for example, that at the beginning the first concern of (the SDA) is to identify tangible activities it can undertake, even if its mission is still rather ambiguous or ill defined. The SDA is expected to show action. It thus puts emphasis on (the work component), but soon this preoccupation with doing things creates confusion. No one knows what anyone else is doing; duplication of efforts are brought to light; in short, the need is seen to shift to a primary emphasis on (coordination). As the (SDA) gets its internal management under control, questions begin to be asked about whether the (SDA) is really making a difference in the outside world by all of its well-organized activity. Negative responses to these questions occasion a shift in problem emphasis to goal attainment (mission component). Interest still centers around the evaluation of activity, but evaluation now is in terms of what changes are occurring in society as the result of the organization's (or JTPA's) efforts. Finally, when it is decided that the (SDA and JTPA) are effecting the desired changes in society, primary concern shifts to the (social component). As this occurs, suggestions for change in methods or goals begin to be resisted on the grounds that such changes would interfere with the operation of a smoothly running, well-assembled system. Clients and legislators are consequently courted to help maintain the organization. [13:65-66]

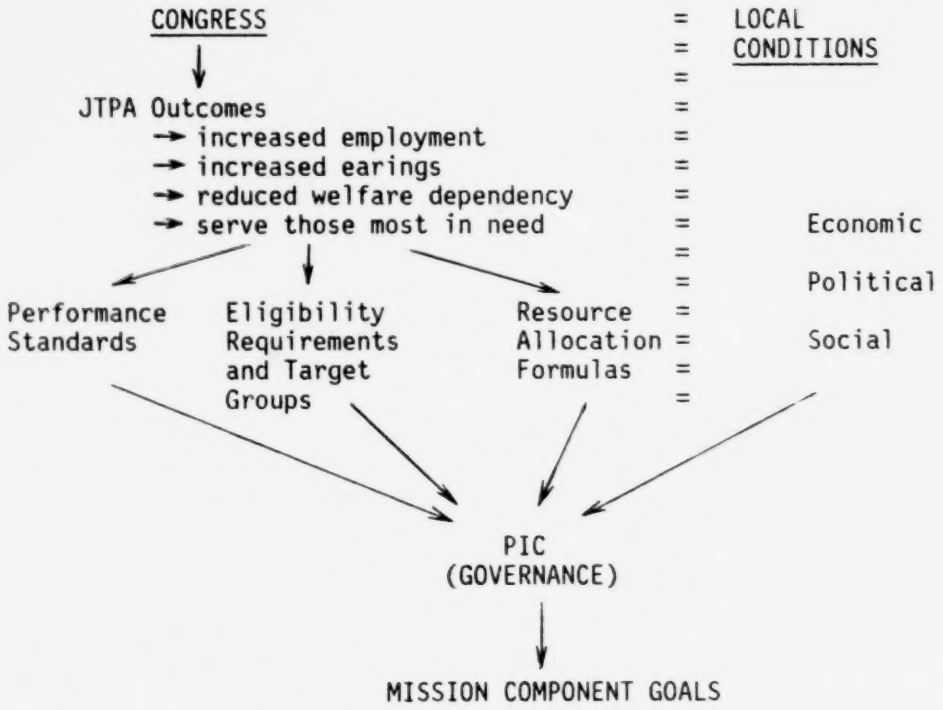
So, at any given time in its development, an SDA may place primary emphasis on one of the four components of its conversion process. Thus, while all four components must be addressed in the conversion process, emphasis among the four components may change as the SDA evolves, reflecting the evolutionary development of the program.

The second condition which an organization must satisfy is "proper fit." [16] That is, organizations are composed of several parts. An organization operates well when it achieves a proper fit among the parts--making sure they are internally consistent, meshing together in synchrony to produce outcomes consistent with SDA goals. In terms of the organizational model in Exhibit 4, the chief parts of interest are the four components of the conversion process. SDAs and subcontractors operate well when they have achieved a proper fit (1) between the mission component and the environment, and (2) among the four components of the conversion process. Each of these requirements is described below.

The first requirement for proper fit is that the environment and the SDA's mission component be consistent with each other. Reviewing material presented earlier, the environment contains constraints--elements that the SDA cannot control--to which the SDA must adapt in order to survive in the long run. Two major environmental constraints facing SDAs are the Act itself and local conditions, as shown in Exhibit 5 below.

EXHIBIT 5

SDA ENVIRONMENTAL CONSTRAINTS



The Job Training Partnership Act is perhaps the major environmental constraint affecting all SDAs. Congress defined the major goals, or outcomes, for JTPA, and established three important mechanisms--performance standards, eligibility requirements and target groups, as well as SDA resource allocation formulas--to achieve them. In principle, these mechanisms should work if:

- The performance standards actually contribute to the achievement of JTPA's goals (as defined by Congress).
- The eligibility requirements and target groups actually identify those most in need in the local area.
- The resource allocation formulas in the Act provide sufficient funds to accomplish (1) and (2) above.

In short, Congress (and to a lesser extent DOL and the states) have largely determined whom the SDA will serve, what the level of performance will be, and how much money each SDA will have to accomplish the JTPA's three major outcomes. If the three mechanisms are based on incorrect assumptions or are grossly inconsistent with each other, the Congressional mandated implementation strategy could fail and the Act would probably not achieve the results intended.

These Congressional constraints, along with others imposed by local conditions, are reviewed by Governance--usually the PIC. Based on its own values, interests and interpretations of these constraints, the PIC establishes a set of goals for the SDA to accomplish in the future. In principle, the SDA's goals and environmental constraints should be consistent with each other; that is, a proper fit should exist between the two.

Whether an SDA's goals are consistent or inconsistent with its environmental constraints is determined by comparing the goals with the major constraints in Exhibit 5. For example, one SDA in an area of low unemployment achieves a proper fit by developing services oriented toward providing local employers with trained workers that meet their labor needs. Adequate resources and a sufficient supply of eligible applicants are available to carry out the SDA's mission. A proper fit between mission and environment exists.

In contrast, an SDA serving an urban ghetto with severe social, economic and political problems may set "comprehensive services to participants" as its primary goal. To assure that only those most in need receive services, the PIC also adopts "being unemployed" as an additional eligibility requirement. Even so, the SDA is overwhelmed with applicants and has insufficient resources to achieve its performance standards. In some cases participants are trained for jobs that do not exist in the labor market. Here, a proper fit is not fully achieved. The mission component must be realigned to achieve a proper fit with its environment by making one or more of the following changes: changing eligibility requirements (to limit access to services); reducing its performance standards (so comprehensive services can be provided to eligible applicants); obtaining additional funds from other sources (such as incentive/technical assistance funds); or improving the link between training and labor needs of the market. Obviously, the SDA must seek state approval to perform some of these actions.

The other proper fit requirement is that the four components of the conversion process be consistent with each other. Normally, goals are developed first in the mission component. Then the work and coordination components are designed to achieve the goals in ways that satisfy those involved in the conversion process (social component). A common cause of SDA (and subcontractor) problems is inconsistent mission, work and coordination components, which cause social friction and conflicts in the service delivery process. For example, the SDA may have goals (mission component) to treat the hard-to-serve but mainly offer placement services (work component), better suited for job-ready participants. Or the SDA may have developed coordination plans with local welfare offices (mission component), but in reality only a handful of welfare applicants are referred to the SDA (coordination component).

HOW TO USE THE MODEL

This chapter began with an SDA director experiencing a subcontractor problem. She decided to conduct a process evaluation to discover the causes of the problem. The central piece of the process evaluation is a model of the organization, either SDA or subcontractor. The model consists of parts that work together to produce outcomes. The parts of the model were described, and two conditions required for good operation were presented. Performing a process evaluation means applying the model and the two conditions in an SDA or subcontractor organization. That is, each part of the organization is examined to determine whether the two conditions are satisfied. The organization having a problem usually has failed to satisfy one or both of the conditions.

The remaining chapters describe how you can perform a process evaluation in your own SDA. Each chapter is devoted to one part of model (in Exhibit 4). In each chapter, the part is described in greater detail, and guidelines are presented for examining your own organization. The guidelines are illustrated using the SDA problem presented on the first page of this chapter. Recall that the methods can be used either to solve specific SDA/subcontractor problems or to explain an SDA's success or failure in achieving specific gross outcomes. So, let's begin with the organization's environment in Chapter 2.

CHAPTER 2
ENVIRONMENT, GOVERNANCE AND THE PERFORMANCE CONTROL SYSTEM

Understanding an organization's environment is essential before we begin the process evaluation in Chapter 3. Here we look at the following elements:

Characteristics of the Statewide Service Delivery System

How Local Conditions May Affect SDA Operations and the Achievement of the Organization's Goals, Performance Standards, and JTPA Outcomes (Increased Employment and Earnings and Reduced Welfare Dependency)

The Role of Governance in the Performance Control System

Description of the SDA Performance Control System

Use and Misuse of Performance Control Systems

Economic and Social Consequences of Performance Control Systems

Summary

CHAPTER 2. ENVIRONMENT, GOVERNANCE AND THE PERFORMANCE CONTROL SYSTEM

An SDA process evaluation is a tool that SDA directors can use either to explain gross outcomes or to solve problems. Faced with the subcontractor performance problem described on the first page of Chapter 1, the SDA director's initial response is to begin a careful review of her organization's mission, work, coordination and social components. In simple organizations this is a proper course, but an SDA is a complex organization that operates in a complex environment. Understanding this environment can yield insights about the underlying causes of many problems confronting management.

In this chapter we take a closer look at the service delivery environment in which SDAs exist. Then, we will examine the SDA's performance control system--the chief tool that management has for monitoring SDA performance in this environment. Both will increase the SDA director's understanding of the causes of the problem at hand, although discovering its exact cause(s) must await further examination in later chapters.

THE SDA'S ENVIRONMENT: THE SERVICE DELIVERY SYSTEM

Perhaps the most important factor in the SDA's environment is the federal legislation authorizing JTPA. In Chapter 2 four major influences of the JTPA on SDAs are described: JTPA outcomes, 4/ SDA resource allocation formulas, performance standards and eligibility requirements. These are not the only federal influences on the SDA and its environment; the JTPA has also determined the basic structure of the statewide service delivery system in which SDAs operate. For most states, the JTPA service delivery system consists of three major organizations, the state, service delivery areas and subcontractors. The numbers of each organization vary considerably across states. In eleven states no local SDAs exist; the state provides all services to participants. [20] SDAs may choose either to provide all services or subcontract all or part of this function to other organizations in the local area. SDAs providing most services to participants may also elect to establish satellite offices to improve access. In some cases, a subcontractor may be a state agency. Due to the coordination mandate, SDAs (and their subcontractors) are often linked with organizations outside the system, most typically local welfare offices. [35] Congress has established the roles and responsibilities of each organization, which are summarized in Exhibit 6. [4,5]

Viewing the SDA as an organization, the state and subcontractors are part of its environment. Because most services are delivered to participants at the subcontractor level in most states [4, 5, 35], what "goes on" at this organizational level essentially determines the services, or treatments, that participants receive in the system. [37] Thus, for SDAs that subcontract all services, the execution of the SDA's service strategy occurs in the SDA's environment and, therefore, to a great extent is beyond the SDA's direct control.

4/ JTPA outcomes are increased employment and earnings and reduced welfare dependency among those who can benefit from and who are most in need of JTPA's services.

Characteristics of the statewide service delivery system that pose challenges to administration and evaluation alike are as follows:

- Multiple organizations: The state, local service delivery areas and subcontractors form a statewide system of employment and training services.
- Decentralization: Several organizations (state, SDA and subcontractors) are responsible for administering JTPA.
- Local autonomy: Each SDA and subcontractor is free to develop its own programs, creating customized forms of treatment and implementation.
- Dynamic programs: Service and implementation strategies change over time.
- Multiple delivery strategies: Many treatments are possible to achieve a set of outcomes.
- Conflicting/multiple goals: Multiple goals may exist, some possibly conflicting with each other.
- Multiple levels of coordination: Administrative and service coordination may occur among subcontractors, between subcontractors and SDAs, and between SDAs and the state.

In short, the JTPA has established a highly complex service delivery system. The more SDAs there are in a state, and the more these SDAs subcontract services, the more complex the system becomes. For the SDA director with the subcontractor problem, two important insights follow. First, because the service delivery system is complex, it will take time to sort through the system's complexities to discover the actual causes of the problem. Second, the SDA's service strategy, which can determine the success or failure of a program, is performed (for the most part) in the environment by subcontractors. Among SDA staff, no one really knows exactly what these services consist of, nor can they effectively control services of the subcontractor having performance problems.

THE SDA ENVIRONMENT: LOCAL CONDITIONS

The environment also consists of local economic, social and political conditions. How much influence do local conditions have on an SDA's or subcontractor's achievement of JTPA outcomes and performance standards? Can they account for the subcontractor's performance problems described in Chapter 2? There is no information available from the JTPA program to answer these questions at this time. However, two separate studies of CETA's implementation come to almost identical conclusions. [9, 12]

- The demographic composition or social characteristics of the community did not determine the kind of individuals served. Participant characteristics, in turn, did not determine placement success.

- The level of unemployment at the local level was only a mild constraint on the program options open to staff and on the level of performance.

This suggests that SDA performance is likely not foreordained by the social characteristics of the community, participant characteristics, or economic conditions. Instead, differences in local management were the most important factor explaining program performance under CETA. That is, what goes on inside the organization--things that can be readily influenced by the SDA--tends to have the greatest influence on performance. As a whole, these findings confirm that SDA and subcontractor operations, or processes, can be altered to improve performance using tools such as this process model.

GOVERNANCE/MANAGEMENT

With this new insight, the attention of the SDA director shifts to governance and management--those who have the authority to alter SDA operations to boost achievement of JTPA outcomes and the SDA's performance standards. Because of the way Congress authorized SDAs in the Act, governance can and does vary from one SDA to another.

A chief aim of the JTPA is to forge a partnership between local government and the private sector. In this pursuit, JTPA outlines major responsibilities for local elected officials and for PICs, the chief mechanism for private sector participation and forging the public-private partnership. Local elected officials help determine SDA boundaries and select PIC members. As partners, they jointly select a grant recipient--the entity which receives funds from the state and is held financially accountable--and an administrative entity to run the day-to-day operations of the local program.

According to the National Alliance of Business' (NAB) nationwide JTPA survey, about 65 percent of the SDAs selected the local government as grant recipients, and local government is the administrative entity in 57 percent of the SDAs. PICs are grant recipients and/or administrative entities in less than 13 percent of all SDAs. [3, 20] These figures indicate that local government is the grant recipient and administrative entity in a majority of SDAs.

However, even though PICs are in the minority here, the JTPA (Sec. 103) reserves a strong policy and oversight role for PICs in partnership with local governments. Who dominates the partnership--or who governs the SDA--varies considerably across SDAs. In one study about one-third of SDAs were government-dominated (mainly the most rural and the most heavily urbanized), one-third were PIC-dominated, and about one-third had "shared-authority." But in the last category, the PIC usually took a policy leadership role, suggesting that PICs play the major governance role in most SDAs. In general, PICs prefer to operate as boards of directors, avoiding day-to-day functions in favor of setting broad policy directions. In most PICs the business majority did, in fact, shape the policies and practices of the PICs. Yet, 90 percent of the SDAs report substantial PIC involvement in management issues, primarily in the areas of selecting the types of training, selecting service providers, oversight, cutting costs and streamlining management and accounting procedures. Other areas of PIC involvement include public relations and

EXHIBIT 6

ROLES AND RESPONSIBILITIES OF JTPA ORGANIZATIONS

STATES (GOVERNORS)

- Establish the State Job Training Coordinating Council (SJTCC).
- Designate Service Delivery Areas (SDAs), approve locally developed plans, and distribute grant funds to localities based on formulas established in the Act.
- Monitor local program performance, prescribe variations in performance standards based on special conditions in the state, and award incentive bonuses for exceeding goals (or take action, including sanctions, when performance fails to meet standards or remains poor).
- Establish and administer a new statewide dislocated worker program, a discretionary older worker program, a coordination and special services program, and a state labor market information system.

SERVICE DELIVERY AREAS

- Establish Private Industry Councils.
- Develop Job Training Plans.
- Implement Title II-A and Title III (where applicable) programs as stated in their Job Training Plans in accordance with performance standards and coordination criteria established by the state.
- Monitor program performance of subcontractors (if applicable).

SUBCONTRACTORS

- Develop and submit proposals for training and employment programs contained in SDA Job Training Plans or state training programs.
- Implement training programs in accordance with performance standards established by the state or SDA and specified in legal subcontract agreements.

provision of labor market information. In the overwhelming majority of SDAs, PICs rely heavily on information and support staff of the administrative entity, which is often the local government agency. [20, 35]

In summary, this indicates that effective public-private partnerships exist in most SDAs. Within the partnership, the PIC more often than not plays the governance role, while the local government (or other agency) provides administrative, or management, support and assumes responsibility for day-to-day operations. Prior to performing a process evaluation, the SDA's governance/management should be identified. This task is relatively simple yet important because governance/management may be a cause of the subcontractor's problems if those responsible for governance and management have not operated the SDA's performance control system correctly.

THE SDA PERFORMANCE CONTROL SYSTEM

The performance control system is the tool that informs governance/management about the level of outputs (proximate outcomes) and impacts (final outcomes) produced by the conversion process. The performance control system consists of two parts, the plan and control. The plan specifies the desired outputs and impacts, or set of performance standards, at some future time. The purpose of control is to determine whether the standards have been achieved. Achievements are monitored through the Management Information System (MIS). Thus, performance control systems are concerned with overall results for given periods of time--not with specific actions or decisions. SDAs use performance control systems to verify that subcontractors (and/or satellite offices) meet their respective performance standards--but not to monitor their decisions and program activity. [17]

In virtually all performance control systems (including JTPA), service providers generally have considerable freedom to meet their respective standards. This autonomy is important because subcontractors, compared to the SDA, are directly involved in service delivery and, hence, are in a better position to design customized programs meeting the needs of their respective employers and participants. In principle, the more services are designed to meet local participant and employer needs, the more effective the services should be. And the more effective the service, the more likely that performance standards will be met.

Another reason for subcontractor autonomy is the design of the service delivery system itself. SDAs and subcontractors are independent organizations joined together through contract agreements. SDAs lack the authority--as well as the administrative resources--to control most actions and decision-making in other organizations.

A final reason for service provider autonomy is the limitations of the MIS. In general, the MIS may be used properly to monitor subcontractor performance. However, a MIS does not contain sufficient information for administrative organizations (that is, an SDA that subcontracts and/or has satellite offices) to make decisions for service providers. Many service decisions are based on information not contained in a MIS. Knowing that a national manufacturer plans to open a new plant in your community may have a greater influence on decision-making than all the

information in a MIS. Further, an MIS often reports aggregated, historic information which may be of little use for solving immediate or future management problems. Last, most administrative organizations lack the time to absorb all the information an MIS offers. So, the wise administrative organization knows what it cannot know and lets the service providers stay independent.

What happens when performance standards are not met? Governance/management has three basic means of intervention (assuming that poor performance is not caused by environmental constraints, such as a downturn in the local economy):

- Cancel or not renew the subcontract;
- Replace the manager; or
- Provide technical assistance/increase compliance monitoring.

The last intervention is used widely by SDAs to handle subcontractor performance problems. This is a useful, potentially effective way of handling the performance problem. But the form of the technical assistance is critical for this intervention to be successful. Typically, SDA technical assistance has been a management strategy, such as setting clearer goals or increased monitoring. In other words, a common SDA reaction to poor performance is to increase administrative pressure--to tighten the screws. Unfortunately, this can do more harm than good. Why is this so? [16, 17]

First, training and service programs are fundamental to achieving good performance. When an SDA attempts to improve subcontractor performance by either adding to its administrative or management burden or controlling service delivery, subcontractor effort previously directed at service is now used to perform nonservice (compliance)-related activities. The emphasis may switch from serving participants to satisfying performance standards and state-imposed reporting requirements. In essence, an ends-means reversal occurs, and actual service delivery can suffer as a consequence, likely reducing subcontractor performance even further.

Second, providing services effectively to participants is complex work requiring competent staff. If subcontractor staff are incompetent, no set of plans, rules or orders can make them more competent. Furthermore, these measures often prevent competent staff from doing their work effectively.

In sum, technical assistance that merely tightens the screws (through various management strategies) will likely not prove to be an effective mechanism for improving performance. Instead, technical assistance directed at improving services seems more appropriate, mainly because services are the "means" of achieving program "ends" (the performance standards and goals of the organization). [7] Services may be improved, for example, by increasing the capability of staff, such as by gradually replacing incompetent staff with more qualified individuals, increasing staff skills (through staff continuing education), or hiring a consultant

to raise staff levels of performance in specific areas where weaknesses may exist. Other mechanisms, such as altering services to increase skill gains among participants, may also lead to service improvements and ultimately increase performance.

Performance control systems work best in stable and simple environments. For SDAs, this means having a fairly stable, predictable local economy that is simple to understand and monitor. These environments allow SDAs and their subcontractors to standardize their services and operating systems, creating stability in organizations. Managers often agree that satisfying performance standards is easier under these conditions. Complex and dynamic environments, on the other hand, are less supportive of performance control systems if the performance control systems are inflexible. Developing performance standards for a rapidly changing local economy and "hard to serve" participants is at best a difficult task. Performance in such environments is likely determined more by events happening outside the SDA than the relatively short-term services participants receive.

Performance control systems also have two major, negative characteristics. First, they tend to stifle innovation. Innovation (of services) involves risk--a risk that performance standards may not be met if the innovation fails. Because performance is the bottom line in most SDAs, PICs may be less willing to innovate, particularly when current services are meeting standards and achieving organizational goals. Thus, performance control systems encourage conservative program management.

Second, these systems emphasize economic consequences but downplay social ones. Every major decision that a PIC or SDA director makes has social as well as economic consequences for most groups. The economic consequences of JTPA are its performance standards--percent employed, average wage rates and so forth. They are easily quantifiable and, hence, are easily integrated into the MIS and performance control system. Hence, they often have the undivided attention of the PIC, management and most everyone else in the system.

But there are social consequences to decision-making as well. These consequences are often hard to measure and, hence, are rarely included in performance control systems. Examples include decisions to orient services around the job-ready instead of the hard-to-serve, to ignore youth below the age of 18 because their outcomes (or competencies) are difficult to measure, or to emphasize placements instead of the gain in wages from training. Performance control systems can also produce undesired administrative behavior such as enrolling people only after they have found jobs or transferring clients among programs to avoid a negative termination. When an SDA really applies the pressure, subcontractor management may be driven to ignore social consequences of their decisions and to meet performance standards--no matter what. Thus, performance control systems direct energy and resources toward achieving results measured chiefly in economic terms and may, under the worst of circumstances, inhibit social responsiveness and responsibility.

Is it possible to develop a performance control system that accounts for social consequences of decision-making under JTPA? Well, yes and no. Although we cannot measure the social dimension precisely in most instances, crude measures may be possible. Let's use "need" for services

as an example. On a scale of 0.00 to 1.00, an unemployed, single mother on welfare with children and no skills or work history might be given a "1.00"--having the greatest need. Someone who is unemployed and unskilled might be given a ".50". Someone who is unemployed but has a good job history might be given a ".25"--that is, having a lower need. Then, placements could be adjusted, or "weighted," by these need factors, such that a welfare mother counts as a full-placement (1.0), an unemployed/unskilled person counts as a half-placement (.50), and the last counts as a quarter-placement (.25). This would mean that, to achieve one placement, a provider could either place one welfare mother or two unemployed/unskilled persons or four skilled persons. This is just one way of including social and economic factors in a performance control system, and has actually been tried in various forms by the U.S. Employment Service (e.g., the balanced placement formula).

Returning to the subcontractor performance problem, the SDA director has gained some new insights about the problem. Specifically, when the subcontractor's performance fell, the SDA's immediate reaction was increased pressure for compliance. The subcontractor's performance never improved after that. So, maybe the subcontractor's claims that the SDA is the cause of its problem have some truth.

SUMMARY

This review of the SDA's environment, governance and performance control system has produced the following observations:

- The JTPA service delivery system is highly complex. Consequently, the cause of SDA problems and the reasons for good or poor performance may not be obvious.
- Because of the complexities, performing a thorough process evaluation takes time and resources.
- A key determinant of the SDA's success or failure, the service strategy, is performed by subcontractors in the environment and, hence, is outside the direct control of governance/management.
- Unfavorable local conditions do not necessarily cause programs to fail.
- Governance/management can hurt subcontractor performance through improper use of the SDA performance control system.

These insights help us understand the environment that SDAs operate in. They also reinforce the notion that SDAs are interdependent organizations in a larger statewide service delivery system. This means that subcontractors are not islands; their performance is determined at least in part by the SDA.

This chapter has provided requisite information for performing the process evaluation. We begin the evaluation with the mission component in the next chapter.

CHAPTER 3
HOW TO EXAMINE THE MISSION COMPONENT

Elements of the Mission Component

Mission Component as Interface Between the Environment and the Organization

Review of the BETWEEN and WITHIN Conditions for the Mission Component

Overview of the Planning Process

Documenting the SDA's Performance Standards, Revenue and Environment

Documenting the SDA's Mission or Goals

Documenting Subcontractor Goals

The BETWEEN Condition: Comparing Goals, Performance Standards, Revenue and Environment for Consistency

Assessing Treatment Decisions

Assessing Access Decisions

Assessing Allocative Decisions

Discussion of Allocative Decisions under Subcontracting

Examining the Performance Control Systems

Evaluation of Findings: Reviewing the Evidence to Determine Whether the BETWEEN and WITHIN Conditions are Satisfied

CHAPTER 3. HOW TO EXAMINE THE MISSION COMPONENT

Our process evaluation of the SDA (or subcontract organization) begins with the mission component. In this chapter, guidelines are presented for examining the mission component of your organization. When we examine an SDA's mission component, a number of elements must be considered, such as the following:

- The environment--its economic, political and social conditions, as well as state and federal constraints.
- SDA governance.
- The mission, goals and performance standards of the SDA.
- The planning process.
- Revenue, allocative, treatment and access decisions.
- The method of subcontracting and selection of service providers.
- The performance control system and the nature of compliance and technical assistance efforts.

These elements are not independent; they are interconnected. In the early implementation of JTPA, when SDAs were struggling simply to get their programs up and running, several of these elements and interconnections were probably missing in the mission components of many SDAs. Now that SDAs have program experience and PICs are assuming stronger leadership roles, these elements should be well-established in most local areas. Especially in administrative SDAs (i.e., SDAs that subcontract all services), we would expect the mission component to be fully-developed and dominate other components in the conversion process.

Our examination of the mission component and its elements is a relatively important part of the process evaluation. This is because the mission component is the interface between the environment and the other components of the conversion process. That is, in the mission component the SDA must (1) interpret its environment (e.g., local conditions, constraints imposed by the state and Congress, etc.), (2) define its purpose in this environment, and then (3) design its work, coordination and social components to accomplish that purpose.

If gross errors are made in the mission component (Tasks 1 and 2 above), these errors are often repeated in designing the other components. So, if the mission component is off course, the other components will probably be too.

As described in Chapter 1 the following two conditions must be satisfied if an organization is to operate well:

WITHIN: Each component must be involved in the conversion process.

BETWEEN: A proper fit must be achieved (1) between the environment and the mission component, and (2) between the four components of the conversion process.

In the process evaluation of an SDA or subcontractor, we review each component of the conversion process, checking whether both conditions are satisfied. If the two conditions are satisfied in all four components, the organization is given a clean bill of health. If the conditions are not met in one or more components, the components must be re-designed so that all the components satisfy the two conditions.

The process evaluation always begins with the mission component. We will first examine whether a proper fit exists between the environment and the elements of the mission component (the BETWEEN condition for this component). Then, we will perform an overall assessment of whether the WITHIN condition has been satisfied.

We will use the SDA problem described early in Chapter 1 to illustrate the guidelines. We will "walk through" the SDA's mission component, touching on the mission component of the subcontractor as well. In our example, the SDA performs recruitment and intake, but training and employment services are subcontracted. This organizational form is chosen because it is the most common across local areas. 5/ Material from SDA and subcontractor interviews that we conducted in Washington State is presented to illustrate how the evaluation is performed.

THE PLANNING PROCESS

In most SDAs, the above elements of the mission component are decided through the planning process. At first glance, we might expect that the PIC would develop goals and make revenue, allocative and treatment decisions in a rational, orderly sequence, such as the following:

- Analyze economic, social and political conditions in the environment.
- Develop goals based on local conditions.
- Set performance standards consistent with goals (and, hence, local conditions) as well as revenue allocated to the SDA (according to formulas in the Act).

5/ Almost 80 percent of the SDAs are using some form of performance contracting for their training services. About 53 percent of the SDAs are performing some, if not all, of outreach and intake services themselves, and about 43 percent of the SDAs perform job placement services. These figures indicate that only a small percent of SDAs either provide all services or subcontract all services. Rather, most SDAs tend to have both service delivery arrangements, with SDAs most likely to control their own entry (outreach and intake) and exit (placement) services. [20]

- Make allocative and treatment decisions to meet SDA goals, performance standards and local conditions.
- Decide on the mode of service delivery consistent with treatment and allocative decisions.
- Document the above steps in the SDA Job Training Plan.
- Administer a performance control system to manage implementation of the plan.

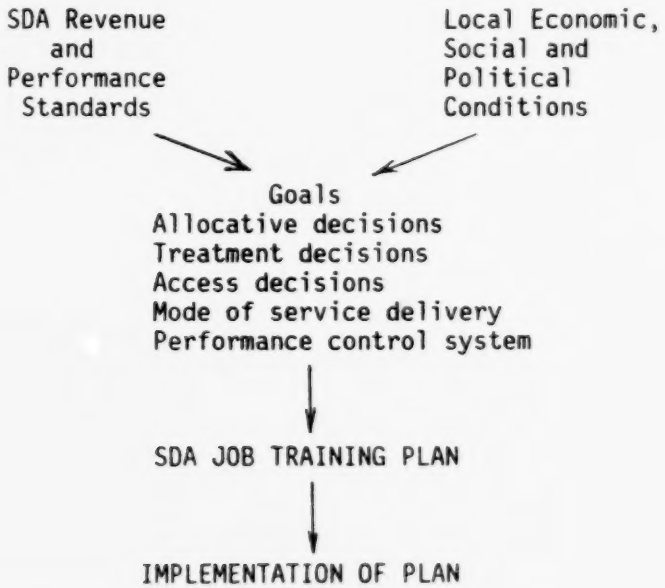
Evidence presented later in this section and our SDA interviews indicate that planning rarely occurs in this manner. Instead, planning often resembles the following three-step process:

Step 1: The SDA receives performance standards and revenue allocation(s) from the state based on federal formulas.

Step 2: Local economic, social and political conditions relevant to program implementation are identified.

Step 3: Based on Steps 1 and 2, goals are established and allocative and treatment decisions are made more-or-less simultaneously, each consistent with the other and local conditions, and all oriented toward achieving performance standards within the SDA's budget. These decisions also include the mode of service delivery and the performance control system.

In other words, performance standards and limited revenues drive the mission component, as shown below.



Our aim is not to construct a detailed history of how decisions were made in this planning process. Instead, our purpose is to define as clearly as possible its elements and their interconnections (or, just as important, their absence) and how they relate to the environment. One way of doing this is to review the SDA's plan. Most SDA plans reviewed in this project contain the information required in the Act (Sec. 104). A typical table of contents follows:

- SDA Goals
- Analysis of Need
- Recruitment, Eligibility, and Selection
- Selecting Service Providers
- Governor's Coordination Criteria
- Annual Report to the Governor
- Local Governance Structure
- Budgets
- Fiscal Systems
- Monitoring Systems
- Signature Page
- Appendices

A quick review of this list indicates that the plan includes many of the elements of the mission component. So, why not just review the plan to determine the relations between the elements of the mission component? There are several reasons why this should not be done, such as the following:

- SDAs often develop plans primarily to obtain funds; what goes on in the SDA may not resemble what's stated in the plan;
- Planning is a continuous process, not a one-shot activity. Plans developed in one year may not apply in a later year;
- The first plans of many SDAs often lacked a mission statement or goals, reflecting the infancy of JTPA. This information must be obtained from other SDA sources; and,
- Although sections in SDA plans may be well developed, their interconnections are rarely stated in clear terms.

In short, a variety of sources--the SDA plan, other documents as well as staff--are needed to determine the makeup of each element and their interconnections within the mission component. Guidelines for doing this are described in the next section.

PERFORMANCE STANDARDS, REVENUE AND ENVIRONMENT

Let us begin with information easily obtained in most SDAs: performance standards and revenue. For purposes of discussion and illustration, we assume that the SDA has performance standards equal to the national standards set by DOL in the early months of JTPA's implementation. In addition, the state and PIC have set standards for specific target groups. Like most SDAs, ours only has sufficient revenue to serve five percent of its eligible population. [34, 35] The SDA's performance standards and revenue allocations should be documented and, for now, set aside for later use in this chapter.

The next task is to identify local conditions--economic, social and political. The local labor market is an important element of the environment. Most SDAs have already documented local labor market conditions in their job training plans. If not, many states can provide such information through labor market information systems developed under JTPA. Common indicators of local market conditions and trends are listed below.

INDICATORS OF LOCAL MARKET CONDITIONS

LABOR:
- Unemployment rate
- UI claims experience
- Percent of population on welfare
- Jobs with increasing demand
- Jobs with declining or stable demand

MARKET TRENDS (Growth vs. Decline):
- Number of building permits issued
- Number of new businesses since 12 months ago
- Number of business closings and bankruptcies since 12 months ago

A second environmental factor affecting the SDA mission is social conditions. In general, these refer to the social characteristics of the local area, the predominant social problems in the area, and the distribution of these problems across groups. Common indicators of social conditions are listed below.

INDICATORS OF SOCIAL CONDITIONS

SOCIAL CHARACTERISTICS:
- Population, total
- Population for specific:
  - age groups
  - race/ethnic groups

- sex
- income per capita, household--overall or by key target groups
- education levels
- religious groups
- employment statuses by key target groups

Distribution of the above characteristics in different areas of the SDA.

SOCIAL PROBLEMS:

Crime rates
Incidence of alcoholism/drug abuse
School dropout rates
Percent of population below poverty level
Percent of population on welfare
Number and percent of households with a female head
Incidence of serious health problems

In many cases unemployment is just one of several problems that a particular group may face. Knowing how the problems are distributed in the area and, in particular, among the eligible JTPA population and applicants is essential for designing services that can properly meet individual needs.

The third environmental factor is political conditions. Normally, indicators of these conditions are qualitative, such as the following:

INDICATORS OF POLITICAL CONDITIONS

Local government - business relations (i.e., can a public-private partnership work?)
The legacy of CETA in the local area - local government and business role in and support of the CETA program
Number of jurisdictions SDA serves (i.e., must services be distributed fairly across jurisdictions?)
Influence of local government(s) on SDA operations
Influence of local business on SDA operations
Political influence of subcontractors

These lists are incomplete, but are representative of dimensions that profile the area. Clearly, some indicators will be more important in some SDAs than others. Whatever the indicators actually used, the aim here is to construct a profile of the relevant economic, social, and political conditions facing the SDA. For now, set this profile aside for later use in this chapter and move on to the discussion of SDA goals. For this discussion, assume a scenario wherein we find that our SDA primarily serves a large city with an unemployment rate above the national average. Applicants often have multiple barriers to employment. The large city has a gradually declining economy. Several contracting agencies exist to provide services to participants. Some of these agencies are more favored than others by local government.

UNCOVERING THE SDA'S MISSION

The next task is to identify the SDA's goals and to understand how they were developed. Usually an SDA either has easily identified goals or no goals at all. In some cases the goals are included in the SDA's job training plan; in others they may be major policy statements established by the PIC but, for one reason or another, not included in the plan. Usually, everyone in the SDA knows what the goals are and where to find them in the SDA's records.

In examining an SDA's goals, the following factors should be kept in mind:

- An SDA may have a list of goals which it attempts to achieve over a given period. A number of more detailed objectives may be associated with each goal. In this goal-objective structure, a goal is achieved when most of its objectives are satisfied;

- Alternatively, an SDA may have a general "mission statement" that states the overall thrust, or direction, of the agency. Normally, the mission statement is accompanied by one or more goals, each perhaps having its own, more detailed objectives; and,

- The common mission of all SDAs is to match participants with employers in the labor market. Most SDAs mention this common mission in their goals and mission statement. However, the emphasis that an SDA places on employers versus participants often varies. Some SDAs orient their programs around employers. Some orient them around participants. Other SDAs try to give equal emphasis to employers and participants. Congress has clearly stated that three outcomes of the JTPA connection are increased employment and earnings and reduced welfare dependency among participants most in need of services.

The relative emphasis given to participants and employers is often quite apparent in goals and mission statements. Here is a mission statement emphasizing the participant:

A. To provide comprehensive employment and training services required to prepare and place eligible SDA residents into unsubsidized employment. Specific emphasis will be placed on selecting employment and training opportunities which will increase the earned income of program participants and will result in secure, full-time unsubsidized jobs.

Contrast that statement with the following employer - (labor market-) oriented mission:

B. To assist local businesses solve employment-related business problems, allowing both business and individuals to increase

productivity and profitability. To support local economic development efforts by the preparation of low-income, unemployed area residents as a workforce for new or expanding business and industry.

The following mission statements indicate equal emphasis on both employers and participants:

C. To provide permanent unsubsidized job placements for JTPA participants through cost-efficient and effective employment and training activities; and to provide business with a motivated and able workforce in occupations for which there is actual demand or in occupations for which business perceives near term shortages.

D. To provide services that match the employment needs of the participant with the needs of the local labor market.

E. To provide private sector and unsubsidized public sector placements among JTPA participants through effective and cost efficient activities mutually beneficial to both employer and participant.

Acknowledging the powerful influence of performance standards, some PICs have developed goals centered around performance standards:

F. To operate the SDA in the most effective and efficient manner possible.

G. To develop and implement a system of program activities to meet or exceed all established performance objectives.

Once you have identified your SDA's goals, check to see whether they are consistent with each other. For example, a goal to operate the SDA in the most effective and efficient manner possible may be incompatible with Goal A (above), which can imply a lower level of efficiency. Such goal inconsistencies may create potentially serious problems in the work and coordination components as service delivery is steered in conflicting directions.

These goals are often called the organization's "manifest" goals--that is, they are the formal, well-documented goals of the SDA. But an SDA may have other informal, or latent, goals as well. You cannot find these in the SDA's formal documents (such as its job training plan); they must be inferred from how resources are used and how management and staff allocate their time. For example, an SDA may have a manifest goal of providing comprehensive services but instead mainly provide low-cost services that meet employer needs (its latent goal). In general, an SDA's latent goals can only be discovered through an examination of the other elements of the mission component and the remaining three components of the conversion process (in Chapters 5-7).

In some cases, this exercise may reveal that the SDA has no clear, well-defined goals. Unless the SDA is operating in a highly unstable environment, this indicates an organization adrift, having no clear direction or purpose. This result should be documented for later reference in the process analysis.

To illustrate this discussion, our archtypical SDA has two goals, A and D, emphasizing participant-oriented, multi-component services and the JTPA connection. Before moving on, however, it is also necessary to document the goals of the subcontractor. This is particularly important for an SDA experiencing subcontractor problems, such as ours.

DOCUMENTING SUBCONTRACTOR GOALS

SDAs typically contract with a wide variety of organizations--public schools, private industry, the employment service, private training organizations, colleges, community-based organizations and others. For some, providing JTPA services is their single purpose. For others, JTPA service delivery is just a small part of what they usually do. If the subcontractor is a local college or university, for example, its goals are likely quite different from those of the SDA. In most cases, the goals of the college are oriented around the educational needs of the community rather than the specific training needs of JTPA participants. Because of such goal disparities, colleges might not provide training customized for the JTPA participant. In fact, rather than having contracts with local colleges, SDAs usually refer participants to appropriate classes where openings exist. [35] In short, the less dependent an organization is on the SDA for its existence, the more its goals may differ from the SDA's goals. And as its goals differ, so will its programs. However, if SDAs and providers are enrolling the most job-ready applicants into their programs, such differences may not be critical.

In contrast, the more an organization is dependent on JTPA funds, the more its goals may reflect those of the SDA. In our example, the subcontractor falls into this category, and we find its goals to be fairly similar to the SDA's goals. This indicates that both organizations should be operating in consistent directions.

THE BETWEEN CONDITION: A COMPARISON OF GOALS, PERFORMANCE STANDARDS, REVENUE WITH THE ENVIRONMENT

Now it is time to retrieve all the information we have collected and determine whether the SDA satisfies the BETWEEN condition of the mission component. Our focus is to check whether the SDA's goals, performance standards and revenues are consistent with each other, as illustrated by the "consistency triangle" in Exhibit 7. Its three key questions are as follows:

QUESTION 1: Are the goals, performance standards and revenue consistent with the environment (arrows 4-7 in Exhibit 7)?

QUESTION 2: Are the goals and performance standards consistent with each other (arrow 1)?

QUESTION 3: Are revenues adequate to accomplish the SDA's goals and performance standards (arrows 2 and 3)?

EXHIBIT 7

THE "PERFORMANCE STANDARDS - GOALS - REVENUE"
CONSISTENCY TRIANGLE

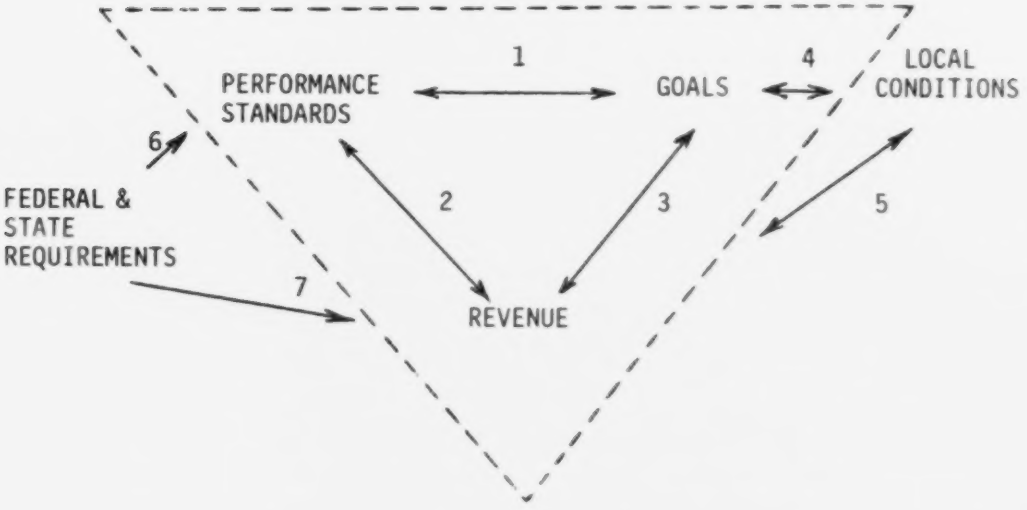


EXHIBIT 8

MISSION COMPONENT:
COMPARISON OF GOALS, PERFORMANCE STANDARDS, REVENUE AND LOCAL CONDITIONS

LOCAL CONDITIONS				PERFORMANCE	SDA
ECONOMIC	SOCIAL	POLITICAL	GOALS	STANDARDS	REVENUE
High unemployment Declining economy Declining local tax base	Urban population Welfare rates Poverty levels Average education Racial mix Drop-out rates Assessment of applicants' training and other needs, which are often multiple	Working public-private partnership exists. Active PIC sets SDA policies Business majority controls the PIC. Local Govt. support for subcontractors Good SDA-business relations	Goal A - Comprehensive services - Long-term unsubsidized employment - Increased earned income Goal D - matching needs of participants with employer needs	DOL national standards	Allocated according to Title II-A formulas. Sufficient to serve about five percent of eligible population. Small amount of revenue from incentive funds and local contributions.

In answering these questions, you may find it helpful to arrange your information in columns as shown in Exhibit 8. Because all the relevant information is side-by-side, comparing one column to the next for consistency is easier. To address the three questions above, we must begin outside the triangle in Exhibit 7 with local conditions and federal and state requirements in the environment.

QUESTION 1. Ideally, local conditions and the SDA's goals should be consistent with each other, as the following examples illustrate:

- ECONOMIC: If a strong economic development program (through the local Chamber of Commerce) exists in a local area, the PIC might establish an SDA mission oriented around economic development that emphasizes employer needs. Alternatively, an SDA with low unemployment rates might anticipate problems in recruiting participants, so it may develop a mission oriented around marketing quality participant and employer services with employment guaranteed. Finally, SDAs in dynamic, changing local economies may not have any specific goals. In such an unstable environment, labor market trends might be monitored closely, with programs changing as changes in the market occur.

- SOCIAL: A PIC in a rural SDA might adopt quite different goals than a PIC serving a largely low income, minority population in a central city. For example, in one rural SDA, 27 percent of the eligible population consisted of migrant, Hispanic farm workers. For this group, training represented a major change in lifestyle. The worker must settle in the area long enough to receive training, then stay more-or-less permanently in the community as a member of the local labor force to achieve long-term job retention. To address the needs of this group, the SDA established goals oriented toward the participant, offering longer-term training and emphasizing long-term retention of employment.

- POLITICAL: Given the following business' views in one SDA, it is not surprising that the PIC adopted goals supporting labor market needs:

  "We must give business people the power to make human resource decisions without undue influence and navigate them through the paperwork to get them good employees in a way which is cost effective for their business."

  (The SDA should aid local economic development efforts by providing training money to companies wanting to relocate here and training and tax incentives for young or expanding businesses to assist them with cash flow needs.)

In short, choosing an SDA's goals is always a choice of values. And these choices usually involve judgments about local conditions and how the JTPA connection does or should work in a given community. For example, contrast the situation in which employers make job offers, so services should be oriented primarily toward their needs versus a

situation that orients services to reduce participant needs, thereby leading to employment. Usually, the PIC, who has the power and authority to make the choices, decides what values should be part of the SDA's mission and goals.

In comparing the local conditions with the goals of our SDA (Exhibit 7), we find they are generally consistent with each other. The high unemployment rates and multiple social problems in the eligible population indicate that goals oriented around comprehensive services and the JTPA connection are justifiable.

Next, let us check the other side of Exhibit 7, the consistency between federal/state requirements and the SDA's performance standards and revenue (arrows 6 and 7). These will usually be consistent because they are determined by revenue formulas in the Act (Sec. 202) and the DOL regression formula for SDA performance standards (that virtually all SDAs use). Thus, federal authorities have largely determined two parts of the triangle. By setting standards, DOL has established what the performance of each SDA should be. By appropriating funds to JTPA (and allocated to SDAs by Sec. 202), Congress has decided how much money SDAs shall have to meet the standards. If the standards are high and the appropriations are low (arrow 2), SDAs are forced to provide participants with low cost services that are capable of meeting the standards.

The consequences of this federal influence on the SDA's mission component depend on the SDA's goals. For example, an SDA might have a very low unemployment rate and goals oriented around economic development. In this case, the SDA's goals and local conditions are consistent with the federal revenues and performance standards; all are geared for high-volume, short-term training and placement services. A "proper fit" has been achieved among the elements of Exhibit 7.

QUESTIONS 2 AND 3. In contrast, our example SDA has high unemployment and poor economic and social conditions; its goals are oriented around comprehensive services. Here the federal performance standards and revenues are inconsistent with its goals and local conditions. The SDA must provide short-term services to clients needing long-term training. To achieve a "proper fit" between goals, performance standards and revenues, the SDA must either lower its standards or increase its revenues (or both). 6/ Unfortunately, the SDA controls neither of these two environmental factors, so it cannot make these adjustments. 7/ So, in terms of the two questions raised earlier, we find that in our SDA:

6/ This would increase the average amount of funds per participant, making long-term programs possible. In addition, notice that changing goals to favor labor market needs may not be a viable option, for then goals and local conditions would be inconsistent.

7/ However, many SDAs have the regression formulas for calculating performance standards, and they are gradually learning how to manipulate the standards through program adjustments.

- Goals and performance standards are inconsistent (Question 2).

- Revenues are inadequate to accomplish the SDA's goals (Question 3).

When the federal-local forces in Exhibit 7 are in conflict, the common result is that goals are ignored as performance standards dominate the mission component. Set these findings aside for now, and let's move on to collect other information about the mission component. Later, we will use this information to determine whether the WITHIN condition is satisfied.

TREATMENT DECISIONS 8/

Against this back-drop of revenue, local conditions, goals and performance standards, the treatment decisions in the SDA should be documented. This is often a relatively easy task. The SDA plan is a good source for identifying allowed services or treatments. The plan should be cross-checked with current practices to determine whether discrepancies exist (e.g., the plan states that 15 percent of participants will receive OJT, but in reality less than five percent receive the service). You should also identify all services that participants receive through coordination agreements with outside agencies. However, our main focus is on the following issues:

Consistency: Are the SDA's local conditions, goals and performance standards linked directly with treatment decisions? That is, are the four consistent with each other?

Dominance: Do performance standards primarily dictate treatment decisions?

Service Strength: Is the service appropriate for the SDA's population and powerful enough to be expected to have some effect if it is delivered as outlined in the plan?

Connection: How does the JTPA connection work?

Consistency refers to whether a "proper fit" exists among the above elements, while dominance reflects the realities of JTPA: regardless of the needs of an SDA's participants and employers, performance standards and low revenues often push the SDA toward designing short-term (low-cost) treatments in the mission component. The extent of consistency and dominance in an SDA may be readily determined by comparing the training needs of enrollees with the number of enrollees in multi-service programs. Performance standards usually dominate treatment decisions in SDAs that uniformly provide one-shot, short-term services to most participants, irrespective of their needs and employment barriers. On the

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8/ You may recall that through its treatment decisions, the PIC is determining the service strategy of the agency.

other hand, the presence of a system for assigning one or more services to participants based on some criteria (such as in competency-based programs) indicates that performance standards may influence but likely do not dominate treatment decisions in the mission component.

Next, the underlying assumptions, or service strengths, behind these treatments should be documented. That is, among the 28 services allowed under the JTPA, why are some services provided and not others? Does each service promise long-term job retention? How much service is needed for most participants to gain long-term employment?

Finally, the services that match participants with employers in the labor market should be documented. What percent of participants receive these services? What percent find jobs? What percent of employers who request referrals actually hire a participant? These yield information about how the connection is working. Answers to these questions are collected through the MIS and through discussions with SDA planning staff and PIC members most responsible for making treatment decisions.

In short, you should not only describe the services offered but also how these services--when delivered in the prescribed manner--lead participants from unemployment into employment (or other positive outcome). In our SDA, a variety of services is offered to meet the variety of needs among participants. Services are provided in a competency-based job training system (described in greater detail in the next chapter). All training programs (which may be either single or multiple component) are designed to achieve measurable and certifiable competencies that are required in the local labor market. A substantial portion of staff time is devoted to job development. A majority of participants find jobs through job search assistance programs.

This indicates that our SDA has mechanisms for matching participants and employers. However, treatment decisions suffer from dominance (i.e., performance standards and revenue dictate that most participants receive low-cost services, regardless of need). As a consequence, while a majority of participants need (higher-cost) training, only a minority receive this service. This reduces the service strength in our SDA. Thus, while the SDA's placement services that a majority of participants receive result in high placement rates, they may not be of sufficient strength to result in long-term employment (a goal of our SDA), as might be expected under a training program.

ACCESS DECISIONS

Once treatment decisions are made, the PIC must decide who will receive the SDA's services, but only in part. In designing JTPA, Congress has established eligibility and target group requirements to restrict access to scarce resources. States have also established service requirements for numerous other groups (e.g., ex-offenders, displaced homemakers, migrant farm workers, etc.). The eligibility requirements define who can and cannot enter the system; the target groups define individuals of special interest in this eligible population. Because SDAs normally have performance standards associated with their target groups, they have incentives to recruit individuals with these charactersitics.

In principle, the purpose of the eligibility and target group requirements is to act as screening/sorting mechanisms to assure that services are provided to those who are most in need. In most cases, however, they apparently do not fulfill this purpose. [34, 35] Within any given eligibility or target group, there is often a range of "job readiness," or need for employment and training services. Faced with the pressures to meet performance standards within a limited budget, SDAs (or subcontractors, whoever are performing outreach and intake) have incentives to select eligibles who are the most job ready (i.e., those who are easiest--and, therefore, less costly--to place).

To offset this tendency to "cream," our SDA has added "unemployment" to its list of eligibility requirements, hopefully to restrict access to the most needy applicants. This access decision is consistent with the SDA's goals and local conditions. In the next chapter we will examine whether this additional requirement actually works as the PIC intended.

ALLOCATIVE DECISIONS

Next, the PIC must also make allocative decisions as part of the planning process. That is, the PIC must decide "who gets what" in the SDA, such as:

- How much of each service to offer (i.e., the allocation of training funds among the services authorized in the Act).
- What services to provide in-house, through satellite offices, or to subcontract.
- What coordination arrangements (e.g., with welfare agencies) to enter.
- Which agencies/subcontractors to fund.

By their nature, these are political decisions. [9] They involve the weighing of competing claims on SDA revenues by local interest groups (such as subcontractors), each seeking decisions in its favor. Here, political constraints in the environment become paramount. SDAs which fail to satisfy the demands of competing interest groups may find their operations performing defensive holding maneuvers (in response to interest group pressures) rather than performing integrated service delivery related to local needs.

As described earlier, allocative decisions are rarely a separate, isolated task in the SDA's planning process. In practice, treatment-allocative decisions are usually made jointly as staff and PIC members try to strike a balance among such factors as:

- Service needs of employers and participants.
- SDA performance objectives.
- Amount of funds to be allocated and the cost of each service.

- The performance records and political influence of subcontractors.
- The different services that different contractors provide.
- Local conditions.

Simultaneous with these joint treatment-allocative decisions, SDAs must also make allocative decisions regarding what services to provide in-house or subcontract. In general, SDAs subcontract services for a variety of reasons. (See Appendix B for a brief discussion of this issue.) Once an SDA has decided to subcontract all or part of its services, subcontract allocative and treatment decisions (that is, what subcontractors provide how much of what services) are made jointly based on:

- The number of local subcontractors.
- The services they are qualified to provide.
- The participant groups they usually serve.
- Their track records.
- Local political pressure (to fund a specific subcontractor(s), regardless of past performance).
- Other factors.

These subcontract allocative-treatment decisions are often made on two levels:

- Method of Subcontracting: SDAs must decide how training funds and services are allocated among subcontractors. Two basic choices exist, market and function. A market allocation means the subcontractor serves some group of clients. Examples of market allocation include subcontracting by target group (i.e., youth, adults, handicapped, etc., are each served by a separate subcontractor) or region (e.g., in a multicounty SDA, each county has its own subcontractor(s), who serves all eligibles in its jurisdiction). Combinations are possible, such as a subcontractor providing all youth services in a county (i.e., market allocation by group and region).

  Allocation by function means dividing funds among subcontractors by service and occupation. For example, an SDA may issue 88 contracts among 17 subcontractors to provide training in over 50 different occupations. The type of training varies in each contract.

  SDAs sometimes mix market and function allocations, such as issuing a contract to provide youth participants with JSA.

- Selection of Service Providers: Once the PIC decides on the method of subcontracting, it must decide which local service providers receive what contracts. And it must also decide what services--if any--the SDA is to provide, and how these services are to be coordinated with subcontractors.

Ideally, both of these decisions--the method of subcontracting and the selection of service providers--are driven by SDA goals. For example, an urban SDA orienting its programs around the diverse needs of local employers might choose a functional allocation of services (to achieve services specialized to meet the needs of specific employer and participant groups), which in turn influences later service provider selections.

In reality, however, PICs carefully chose their service providers as the primary mechanism for meeting performance standards. [35] Most PICs chose subcontractors based on past performance (placements and cost) under CETA. Organizations that either served "high risk" individuals (those requiring multiple support services and seriously lacking work histories and skills) or operated multi-component programs were not favored. Given the new PIC criteria for service provider selection, most agencies simply changed their focus to short-term, low-cost and high-placement operations that did not focus on particular groups. As the head of one agency commented, in order to get a JTPA contract it had changed its orientation from "...taking the tough cases, to becoming an efficient personnel office for local business." [35:23] In short, the PIC mission (of satisfying performance standards) also became the mission of the providers. Because most SDA-provider contracts had payment contingent on performance (mainly through the use of performance-based contracts), accountability was passed from the SDA to the provider for services rendered.

But the transfer is not total accountability, only partial accountability. Many SDAs issue contracts through an RFP process. Particularly under function subcontracting, an RFP may specify the number of participants to enroll, what services they should receive, and how many must be placed in jobs (or have other positive outcomes). By subcontracting in this way, the SDA retains control over these allocative and treatment decisions of the mission component. The provider's main task is to implement these prior SDA decisions formalized in the contract. In this way, even though an SDA may subcontract all of its services, all of the SDA's accountability is not transferred to the provider. In general, SDAs are accountable for the group-level allocative, treatment and access decisions embedded in the contract, while providers are responsible for meeting contract performance standards through its access, treatment and allocative decisions made on a person-to-person basis in its day-to-day operations. This division is more likely under functional than market subcontracting. In the latter case, subcontractors may be given greater freedom to decide how its training funds are allocated among the services authorized by the contract.

Finally, this transfer of accountability may differ by the subcontract method. In function subcontracting, other elements of the SDA mission component, such as the organization's goals and planning process, are relevant to the SDA--but not to the provider--and, hence, are usually not

passed on to subcontractors. Under market subcontracting, where one subcontractor might be responsible for serving all youth, or all offenders or some other group, the PIC might elect to embed pertinent SDA goals and policies into the contract itself. This suggests that performance standards dominate both forms of subcontracting, but providers with market contracts may have additional criteria to satisfy.

Before leaving this issue of subcontracting, some additional guidelines should be presented. So far our concerns have focused on only one subcontractor. In a comprehensive process evaluation of all the SDA's subcontractors, similar analyses must be repeated with each one. This task can be simplified greatly by constructing one or more summary tables describing the mission components of the subcontractors. Exhibit 9 is an example; you may wish to modify or add indicators to the table to suit your specific needs. Or, you may wish to construct a separate table for each subcontractor, listing its features in greater detail (such as the subcontractor's goals). In either form, these tables provide a useful profile of an SDA's subcontractors. Comparisons among subcontractors can be made readily, making detection of any consistent patterns easier (e.g., most subcontractors offer short-term, low-cost services to participants).

This exercise should also be useful to the SDA experiencing performance problems in a majority of subcontractors. These problems may be occurring because the SDA has either issued too few subcontracts or set too low performance standards in its subcontracts. That is, even if every subcontractor meets its performance standards, the subcontractor performance levels, when added together, are still below the SDA's performance standards. This is an indication of faulty allocative decisions in the mission component, which can be corrected through better management.

If an SDA chooses to subcontract all or part of its services, two new functions are added to the mission component. First, the SDA must design and implement an RFP process for announcing service contracts, receiving proposals from local service providers in response to announcements, evaluating the proposals and awarding contracts. To perform this function, subcontracting SDAs often establish separate "contract units" which support the PIC in selecting service providers. Second, as described in greater detail in Chapter 3, the SDA must design and operate a performance control system.

WITHIN Condition Before leaving this section, we need to check whether the SDA's (PIC's) allocative decisions are consistent with the SDA's goals, performance standards, and revenue (from Exhibit 7) and its treatment and access decisions. The following are examples of allocative decisions consistent with the other elements of the mission component:

- An SDA in a low unemployment area adopts goals emphasizing the needs of the labor market. High performance standards and low revenues push the SDA toward short-term treatments with low costs. A majority of the SDA's revenues are allocated to these services; and,

- An SDA in an area with high youth unemployment also has high youth performance standards and relatively high youth revenues under the 40 percent rule. Therefore, revenues are evenly divided among training programs and placement services.

EXHIBIT 9

SDA SUBCONTRACTOR SUMMARY

AGENCY NAME	TYPE OF CONTRACTOR	TOTAL REVENUES	TOTAL JTPA REVENUES	NUMBER JTPA STAFF	NUMBER CLIENTS	PERCENT CLIENTS WHO RECEIVE EACH SERVICE	AVG. COST PER CLIENT	AVG. COST PER SERVICE	AVG. STAFF TIME WITH CLIENT

In our example SDA, relatively low revenues and high performance standards have resulted in allocations supporting lower cost treatments, such as job club and other placement services. Thus, the dominance of performance standards and revenue over goals in our example SDA (as discussed in Exhibit 7) has directly influenced treatment and allocative decisions. Treatment and allocative decisions are consistent with performance standards and revenues but are inconsistent with the SDA's goals.

Performance standards also dominate the mission component of our youth subcontractor experiencing performance problems. Through the subcontract mechanism, the PIC has essentially transferred the pressures associated with meeting performance standards down to the subcontractor level. Thus, although the SDA and subcontractor have similar goals, performance standards dominate the mission components of both organizations, pushing them in parallel directions.

PERFORMANCE CONTROL SYSTEMS

> Not long ago, the Boy Scouts of America revealed that membership figures coming in from the field had been falsified. In response to the pressures of a national membership drive, people within the organization had vastly overstated the number of new Boy Scouts. To their chagrin, the leaders found something that other managers have also discovered: organizational control systems often produce unintended consequences. The drive to increase membership had motivated people to increase the number of new members reported, but it had not motivated them to increase the number of Boy Scouts actually enrolled.
>
> Cammann, C. and D. A. Nadler. "Fit Control Systems to Your Managerial Style." Harvard Business Review. January 1976:65.

SDAs that contract services or have satellite offices usually operate performance control systems to monitor sub-unit activity and performance. These systems must be assessed because of their potential to push the SDA in the wrong direction, as illustrated in the Boy Scout example. For administrative SDAs, monitoring, compliance, technical assistance and related activities become the center of attention, for these are the SDA's "means" of achieving its "ends," or its performance standards. As a consequence, compliance and related activities often intensify, whether they are truly needed or not, which, for the reasons cited in Chapter 2, often lowers subcontractor performance.

Our purpose is to assess the scope and intensity (what elements are monitored and at what frequency) of the SDA's performance control system. To make this determination, the monitoring procedures of the SDA's contract unit should be collected. Subcontracting agencies should also be interviewed to determine monthly hours they devote to monitoring/ compliance activities and whether, in their view, these are excessive.

Systems which extend beyond the limited number of required areas--such as performance standards and verifying expenditures, accuracy of records and coordination agreements--are probably overextended, are consuming excessive administrative resources in the SDA, are likely having a negative consequence on subcontractor performance, and should be cut back in scope. In our example SDA we find that excessive compliance may be one cause of the subcontractor's recent poor performance.

EVALUATION OF FINDINGS

In this section, findings from our review of the mission component are evaluated to determine whether the WITHIN and BETWEEN conditions are satisfied. The major findings are summarized below:

- The archetypical SDA in our discussion serves a large urban population with an unemployment rate above the national average. The area has a gradually declining economy. Applicants have multiple employment barriers.

- The SDA has two goals: provision of comprehensive services leading to secure, unsubsidized jobs; and matching the employment needs of participants with the needs of the local labor market. The goals are consistent with local conditions. The subcontractor experiencing problems also has similar goals.

- The goals and performance standards of the SDA are inconsistent. Revenues are inadequate to accomplish the SDA's goals.

- As a consequence, performance standards dominate the SDA's goals and push the organization toward short-term, low-cost services, even though most participants need long-term training. In essence, achieving the performance standards is a latent goal of the SDA.

- SDA revenues are allocated to support short-term, low-cost services. Thus, the SDA's performance standards, revenues, and treatment and allocation decisions are consistent with each other. This same pattern also holds at the subcontractor level.

- The PIC has added "unemployment" as an eligibility criterion to reduce the demand for services and to assure those most in need are actually served. Access decisions are, therefore, consistent with goals.

- Excessive SDA compliance efforts may be one cause of the subcontractor's poor performance.

This evidence suggests the following conclusions regarding the WITHIN and BETWEEN conditions:

WITHIN CONDITION: The condition is satisfied in part. The SDA (and subcontractors) performance standards, revenue, allocative decisions and treatment decisions are consistent with each other, but, as a whole, are inconsistent with the SDA's (and subcontractor's) goals.

BETWEEN CONDITION: The condition is satisfied in part. The SDA's goals and access decisions are consistent with local conditions, but its performance standards, revenue, allocative decisions and treatment decisions are not. However, the latter are consistent with federal and state requirements.

In short, the SDA's (and the subcontractor's) performance standards, revenue, allocative decisions and treatment decisions dominate the mission component. Instead of meeting the needs of the local population, the SDA's services are designed to accomplish performance standards. As a direct consequence, while the SDA will likely achieve its standards, it may probably fail to achieve its goals.

This pattern in the mission component may be widespread in JTPA. In the first nine months of JTPA, the pattern of local program priorities, services and participants was more one of similarity than diversity. [35] In essence, the program constraints discussed previously--inadequate funding, performance standards, spending limits and others--were driving SDAs to make similar program choices. Two performance standards, placements and cost, were viewed as critical among PICs, and most programs were designed with an eye toward achieving these and the other standards. Thus, although 28 training activities are authorized under the law, most SDAs focused heavily on two activities, classroom training and on-the-job training. In contrast, the special needs of eligible individuals, support services, innovative and exemplary programs, multi-service programs, and customized services for specific target groups all received considerably less attention and emphasis in designing programs. In effect, the constraints have standardized service delivery to favor labor market needs vs. the hard-to-serve.

> Officials at 80 percent of the SDAs said they made no concerted effort to define or serve those "most in need" and "able to benefit from" JTPA--one of the act's targeting requirements--and did not believe that either the legislation's provisions or its level of funding were conducive to dealing with those eligibles who most needed assistance in securing jobs. The lack of commitment and effort to this aspect of the act resulted in, according to three-fourths of the SDAs, substantial screening by service deliverers to enroll those eligibles who were most job-ready. The extensive screening, plus the modest level of support and remediation services, and the unexpectedly brief duration of JTPA training--11 weeks for adults and 12.2 for youth--coupled with the high placement rates, did cause concern that many participants would have gotten jobs without the benefit of JTPA. [35]

This implies that Congressional design of the JTPA's implementation strategy may be having unintended consequences. Specifically, although Congress created performance standards to assure local accountability

(Appendix A), perhaps the chief effect of performance standards is to push the system to serving the most job-ready eligibles in service delivery areas.

For now, put these findings aside, and let us move on to the work component.

CHAPTER 4
HOW TO EXAMINE THE WORK COMPONENT

Overview of the Chapter

Summary of the U.S. Education System and Past Employment and Training Programs

Hierarchy of Objectives

Definition of the WITHIN and BETWEEN Conditions for the Work Component

Overview of the Participant Pathway in Our Example SDA

Analysis of Recruitment

Analysis of Eligibility

Analysis of Intake, Including:

Enrollment
Assessment
Assignment
Access Decisions
Pigeonholing Process
Treatment Decisions
Competency-Based Services

Analysis of Treatment

Analysis of Employment

Analysis of Follow-up

Employers and the Pathway

Assessment of the WITHIN and BETWEEN Conditions

CHAPTER 4. HOW TO EXAMINE THE WORK COMPONENT

The work component contains the SDA's service strategy--the "treatments" that should result in long-term, unsubsidized employment. How are these services supposed to work? Answers to this question begin with a basic understanding of education and employment in the United States, which is presented in the next section. A second section presents guidelines for examining the work component in SDA and subcontractor organizations.

EDUCATION AND EMPLOYMENT IN THE UNITED STATES

Our educational systems have the primary responsiblity for preparing the country's workforce. Little formal training normally occurs beyond an individual's career entry point, and once in a career, advancement occurs primarily through job mobility and cumulative work experience. For those who do not make it through the educational system and onto a job ladder in the labor market, options become quite limited. These individuals often become the labor market's casualties:

> ...Those with limited skills, experience, and credentials, the victims of stunted opportunities, discrimination, and bad luck, the residents of poverty areas and declining labor markets, and those whose individual, family, or cultural problems undermine successful performance in the work place...(31:3)

Developing policy and program mechanisms for dealing with the labor market's casualties has been a major federal issue for the past 25 years. Historically, Congress has responded to this manpower problem through a series of programs: the Area Redevelopment Act (1959), the Manpower Development and Training Act (1962), the Economic Opportunity Act (1964), the New Careers Program (1965), the Work Incentive Program (1967), the Job Opportunities in the Business Sector Program (1968), the Concentrated Employment Program (1968), the Emergency Employment Act (1971), the Comprehensive Employment and Training Act (1973), and--Congress' current program--the Job Training Partnership Act (1982). By and large, the fundamental, underlying assumptions behind most of these programs have not changed greatly over the years [31], which are as follows:

- The skills and attitudes for this segment of the labor force are malleable and subject to intervention.
- Education and training is a desirable and effective intervention for increasing the productivity of these individuals in economic markets.
- The problems of this group will not be solved by an improved economy alone.
- Once provided education and training for earning a living, an individual may become a productive member of the labor force for his/her lifetime.

Given these assumptions, Congress has authorized training, education, remediation, support services, and non-occupation activities for youth and adults in JTPA. These services produce intended results through a "chain of objectives." [23, 30] All programs are created to accomplish certain purposes as defined by the program's objectives. The objectives of virtually all programs are temporally interdependent; some objectives must be achieved early, others later, forming an orderly sequence, or chain, of activity. Objectives in the chain are ordered such that each objective builds from the one before and becomes a necessary condition to the one that follows. The distinction between objectives and means of achievement becomes relative; each objective in the chain is a means to achieving the next objective in the chain.

Exhibit 10 presents JTPA's chain of objectives and validity assumptions. The general objectives for participants appear on the left-hand side of the table, while the underlying assumptions linking the objectives appear in the middle. These assumptions define beliefs about cause-effect relationships in the program as participants progress from entry to exit. The right column indicates some of the key employer entry points in the participant chain--that is, places where participants are commonly matched with employers.

Perhaps the most startling point of Exhibit 10 is how little control SDA staff have over the chain and the client/employer connection. Individual and employer participation is voluntary. Both are free to drop out of the program at any time. Employers ultimately decide who is hired, which may occur at any point along the chain--prior to entry, during treatment, or at exit--though the last is probably the most common. Staff really control only two major parts of the chain: entry into the SDA and the services participants and employers receive. 9/ These are captured by the access and treatment decisions, respectively, in SDA process model.

In the next section, guidelines are presented for examining the work component in an SDA or subcontractor. 10/ The guidelines are based on the hierarchy of objectives in Exhibit 10; their purpose is to determine whether the work component satisfies the WITHIN and BETWEEN conditions. For the work component, the WITHIN condition requires that (1) the work component is involved in the conversion process, and (2) that the parts of the work component are consistent and interrelated, working in synchrony to achieve positive proximate outcomes.

9/ Staff control over services is probably not total control. For example, under CETA clients who could find OJTs got them, and clients requesting specific classroom training often received it.

10/ For SDAs that subcontract all services, the work component is performed mainly by the subcontractors.

EXHIBIT 10

A HIERARCHY OF PROGRAM OBJECTIVES AND VALIDITY ASSUMPTIONS IN JTPA

HIERARCHY OF PARTICIPANT OBJECTIVES	VALIDITY ASSUMPTION LINKAGES	SOME POINTS WHERE CLIENT/EMPLOYER MATCHING OCCURS
I. Ultimate Objectives		
1. Accomplish JTPA purposes as specified in the legislation.	Long-term employment of participants resolves nation's manpower problems as defined by Congress.	
2. Achieve positive final outcomes (employment retention, increased earnings, welfare dependency, performance standards, etc.).	JTPA services enable participants to retain employment over the long-run.	
3. Achieve positive proximate outcomes (placement, increased earnings, welfare dependency, performance standard, etc.).	Completion of program and credentials will enable participant to find employment.	Employer hires participant.
II. Intermediate Objectives		
4. Receive credential documenting achievements.	Credentials are needed to enable participant to compete in labor market.	
5. Complete training (treatment) program.	Programs cause behavioral and attitude changes only when completed.	
6. Learn new skills, change attitudes, improve employability skills consistent with aims of program and participant needs.	Skills, attitudes and behavior are malleable and can be chanted by JTPA services.	Employer hires on-the-job training participant, contingent on successful completion of program.
7. Determine appropriate program (treatment) for participant as allowed under JTPA.	Treatments have greatest impacts when targeted to remove an individual's employment barriers.	
8. Determine participant needs.	An individual's employment barriers can be determined reliably.	

EXHIBIT 10 (Continued)

HIERARCHY OF PARTICIPANT OBJECTIVES	VALIDITY ASSUMPTION LINKAGES	SOME POINTS WHERE CLIENT/EMPLOYER MATCHING OCCURS
III. Immediate Objectives		
9. Enroll individual if eligible.	Services must be targeted to those who qualify to achieve ultimate objectives and performance standards.	Employer refers individual (who may or may not be a employee) to JTPA for training. Individual is enrolled if eligible.
10. Determine eligibility for JTPA services.	Program must have adequate supply of appropriate individuals to achieve ultimate objectives and performance standards.	
11. Recruit individuals to participate in program.		Employer needs a specific number of individuals trained to perform a specific task(s). A training program is developed to meet the employer's needs, or qualified participants are referred through placement/job search services. SDA may recruit individuals or draw from applicant pool to meet employer needs. SDA may recruit employers to participate in OJT, institutional training or other programs.

The BETWEEN condition requires that the work component be consistent with the mission component. The remainder of this chapter mainly consists of guidelines examining the WITHIN condition. In a concluding section, we examine whether the work component satisfies the WITHIN and BETWEEN conditions. If both are satisfied, we may conclude that the work component is operating properly.

WITHIN CONDITION

In Exhibit 10 the hierarchy of objectives describes a general sequence of activity, or pathway, as participants progress from entry to exit through the system. The specific characteristics of pathways differ from one SDA or contractor to another. SDAs that contract all services have no pathway; it can be found at the subcontractor level. To illustrate our discussion, the pathway of our SDA is presented on the next page (Exhibit II), borrowed from a model actually used in one SDA but modified slightly for this chapter. 11/ To follow these guidelines in your own organization, you must first describe its pathway. 12/ The issues raised in this chapter should apply to most SDAs and subcontractors, not just the one presented here.

The guidelines begin with recruitment (Objective 11 in Exhibit 10) and move through the pathway to the client's status at follow-up (Objective 2 in Exhibit 10). Examination of the WITHIN condition focuses on the following two factors:

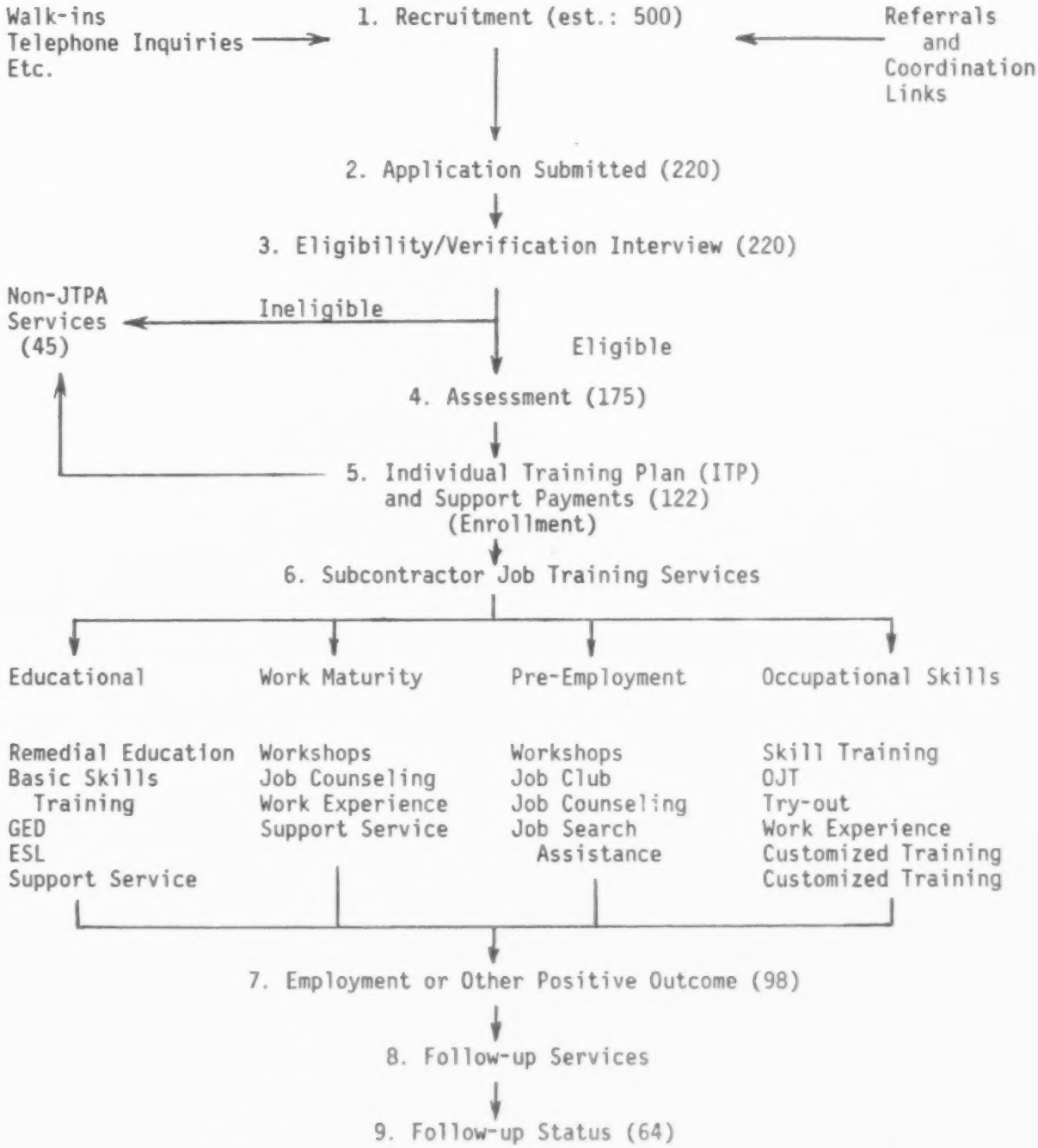
- Whether the steps in the pathway are consistent with each other. Steps should be structured to provide clients a logical sequence of services from entry to exit.

- The flow of clients through the pathway. Not everyone who enters the pathway necessarily completes it. Some drop out at various points; others make it through all the steps. By analyzing the flow of clients from one step to another, we can make inferences about where problems lie in the system. Then, other, more specific information can be collected to determine what the problem is and how it should be corrected.

11/ The pathway is for an SDA performing outreach and intake but subcontracting training and employment services.

12/ This is done by first identifying all of the steps a participant may possibly go through from entry to exit, and then connecting the steps to show all possible routes that a participant may traverse through the system.

EXHIBIT 11: PARTICIPANT PATHWAY
(with hypothetical client flow numbers)



In our discussion we use the flow of youth through the pathway in the SDA and subcontractor organizations.

RECRUITMENT (STEP 1)

The first step is to examine recruitment services in the pathway. Programs must have an adequate supply of clients to achieve their ultimate objectives and performance standards. In most SDAs the demand for services far exceeds resources, so few outreach services are usually needed. Where outreach is performed, it is often targeted at specific, hard-to-find participant groups, such as high school dropouts or older workers, that have low (walk-in, or "passive") application rates. SDAs and contractors have developed different strategies for performing outreach, depending on the group, such as the following:

- Establish branch offices to improve access to JTPA services;
- Move intake to where clients frequent (e.g., setting-up information and application tables in high schools to recruit youth);
- Establish coordination/referral linkages with other local agencies, such as AFDC; and,
- Encourage employers to refer employees for training.

Yet, depending on environmental constraints, even the best outreach efforts can fail. For example, in one state few female ex-offenders entered JTPA because the female state prison operated its own employment and training program. More commonly, the application process may contain major "barriers" that dissuade people from ever applying, such as the following:

- A social security card is required.
- Applications are only in English. Staff speak only English.
- Application requires military draft status for male youth.
- Parents of youth are reluctant to provide family income and other information required to determine eligibility.

In terms of the pathway in Exhibit 11, the number of clients applying for services (Step 2) from all sources (recruitment, referral, etc.) in a period should be counted (using the MIS). 13/ This provides baseline intake volumes. Then, these baseline volumes can be broken into specific

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13/ The MIS must be designed to store all eligible and ineligible applications in a period to perform this calculation. The "period" may be defined as the previous quarter to minimize data storage requirements.

target groups and compared with performance standards. If the number of applicants is lower than the performance standard for the target group, the standard can never be achieved. In essence, more applicants satisfying the standard must be recruited. This involves expanding current outreach efforts (at a minimum), eliminating barriers in the application process, or changing services altogether to increase their attractiveness to potential clients. For illustrative purposes, the numbers in parentheses in Figure 1 describe the flow of 500 youth applicants through the pathway in the previous quarter. About 220 of these youth apply for services. At this rate of entry, all of the SDA's youth performance standards for the year would be satisfied.

ELIGIBILITY (STEPS 2 AND 3)

The next step in both the pathway (Exhibit 11) and the hierarchy of objectives (Exhibit 10) is eligibility. At this point, our aim is to determine how the SDA's eligibility requirements reduce the number of applicants in the pathway. Eligibility standards are defined in the JTPA, although states and SDAs may alter their severity by changing the definitions of some terms (e.g., the family). Our example PIC has added an eligibility requirement to the Act's, unemployment, as a way of objectively rationing scarce resources in areas of high demand. For the most part, once eligibility standards are established, determining eligibility becomes an objective process that should not vary from one intake staff to another. If procedures in your SDA reveal that whether a client is eligible depends on who interviews him or her, the procedures should be changed so that all staff apply the same (objective) criteria and, therefore, reach the same eligibility determinations. SDAs may program their MIS or other computer to determine applicant eligibility in a standard, accurate manner.

Periodically, a random sample of applications should be cross-checked to verify that the client's eligibility was correct and, therefore, that the intake process is reliable. Many SDAs also regularly include cross-checks to verify the accuracy of information that applicants provide. For example, one subcontractor specializing in ex-offender services finds that sometimes applicants with no prison record say they are ex-offenders simply to receive free services.

In our example SDA, 175 applicants, or about 80 percent of those applying for services, were eligible to receive them in the previous quarter. The 20 percent of applicants who were not eligible were referred to non-JTPA services.

ENROLLMENT, ASSESSMENT AND ASSIGNMENT (STEPS 4 AND 5)

The next step is to examine the SDA's intake process, which consists of the SDA's "pigeonholing process" and the access and treatment decisions for specific applicants. Each of these is reviewed below.

ACCESS DECISIONS. These decisions control the flow of individuals and employers, primarily, and other resources into the SDA. For individuals, access to JTPA services is a two-step process. First, the individual applies (either passively or through recruitment) to the program, and eligibility is determined. Second, if the applicant is eligible, he or

she may or may not be enrolled in the program, depending on the following factors.

- Creaming to meet performance standards. Applicants who are eligible have different education, training, histories, attitudes and motivations. Some are more qualified than others for employment. Faced with the pressures of meeting performance standards, a majority of SDAs enroll eligibles who are most job-ready. [20, 35]

- Recruitment to meet performance standards. SDAs often allocate their resources based on progress toward satisfying performance standards. If some standards have been met, resources are often shifted to other (unmet) standards. If an applicant does not contribute to the unmet standards, he or she may be ignored (i.e., put on a waiting list) and eventually drop out.

- Limited funds. On average, SDAs have funds only for about five percent of their eligible populations. [4] If applicant demand for services exceeds resources, some eligible applicants may not be served or may not receive the training they really need. [19] Conversely, if the supply of resources exceeds the demand for services (e.g., such as when too few youth apply for the 40 percent youth funds), SDAs will more likely accept doubtful, if not all, clients.

- Sorting/screening. Between application and enrollment, many SDAs require eligibles to participate in orientation and assessment sessions. These sessions help sort out the less motivated applicants, who often drop out prior to enrollment.

Front-line staff have substantial influence over participant access decisions. For the eligible applicants, they act as "gatekeepers," deciding on a case-by-case basis who does and does not receive services. These enrollment decisions are often highly discretionary and are influenced by PIC policies, planning decisions, the above factors, as well as participant preferences.

The important point here, however, is that access decisions are controlled (but not totally) by the SDA and, hence, can be manipulated to improve achievement of the SDA's performance standards and goals as well as JTPA outcomes (i.e., increased employment and earnings and reduced welfare dependency for those most in need). 14/ However, in a previous

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14/ Some SDAs subcontract their access decisions. Faced with pressures to meet performance standards, subcontractors often intensively screen--or cream--eligibles to enroll the most job-ready persons, thereby reducing the risk of possibly failing to meet their performance standards. As Walker and his colleagues report [35:27], "In one SDA, a proprietary school reportedly turned down 25 JTPA eligibles for every one accepted; in another, a bank teller training program screened 118 JTPA eligibles to get 19 enrollees." While such screening may assure that most enrollees are placed, it also may lead to shortfalls in overall enrollment.

CETA study placement success was not related to participant characteristics. [9] The hard-to-serve could be given the highest priority and programs still performed well. Similar trends exist in JTPA, such as the ability of most SDAs to meet welfare performance standards. [35]

In our example SDA access decisions are consistent with its goal to serve eligible residents. (See Chapter 4.) The official policy of the SDA is to serve everyone who is eligible, but also to use the intake process to "sort out" the motivated applicants from the less motivated ones. The SDA relies heavily on the design of its intake services to achieve this effect. For example, the SDA requires that virtually all applicants attend orientation, assessment and assignment sessions, plus complete "homework," such as obtaining reference letters and practice filling out employment forms. If an applicant does not help the SDA meet an unsatisfied performance standard, he or she is placed on a waiting list before going through assessment. Not all applicants have sufficient motivation to complete the intake process. For others a waiting list is an inconvenient, if not a major barrier. These individuals select themselves out of the program prior to enrollment. Thus, the intake process is used to reduce the number of applicants eligible to receive training and placement services, to achieve a highly motivated group of enrollees (whom employers prefer), and to develop an individual training plan customized to each person's needs.

Yet, faced with pressures to meet performance standards, the SDA sometimes bends the rules. For example, when an employer refers an individual for training and a placement seems virtually guaranteed, the SDA may skip the formalities of the intake process and move the person directly into training. This also happens when the placement rate for specific target groups is too low. Applicants who satisfy a target's standard may bypass the hurdles of the intake process, have an ITP developed, and swiftly enter into training and placement services.

PIGEONHOLING PROCESS. Either before or after an applicant is enrolled (depending on the pathway in a given SDA), services are assigned to the participant through a "pigeonholing process." [16] This process varies across SDAs but usually consists of the following elements:

- Services offered to participants in a SDA are selected (in the planning process) from the list authorized by Congress (Sec. 204, 205; see mission component).

- The services are transformed into a set of standardized programs. Each program is a set of skills that staff stand ready to offer participants and employers.

- When a participant enters the office of the SDA, his or her needs are defined from such personal characteristics as previous education, work history, etc.

- The participant's needs are categorized, or placed in a pigeonhole--that is, also standardized.

- The participant's category of need, in turn, determines what program the participant receives (diagnosis). In most SDAs, only one (training) service is assigned usually per participant, mainly because most PICs view multi-service programs as too costly. And if PICs are mainly enrolling the most job-ready, multi-service programs may be unnecessary anyway.

- The participant receives the program.

In other words, by standardizing services and participant needs, pigeonholing simplifies service delivery tremendously. Staff no longer have to develop customized services to meet the unique needs of each participant. Diagnosis--or matching participant needs with programs that eliminate them--is also standardized; participants in the various categories of need (or pigeonholes) are assigned programs in a predetermined way. All of this saves resources in the service delivery process.

For the pigeonholing process to work well, the following conditions must be satisfied:

- Diagnosis must be standardized. Loose but nonetheless predetermined guidelines must exist for matching participant needs with programs. These guidelines should be applied consistently across staff and applicants.

- Staff require skills to perform diagnosis. Assigning participants to programs based on need is a discretionary process. Judgment is required in defining a participant's needs and pigeonholing him or her into a given category. Participants often help out by categorizing themselves.

- The environment must be complex and stable. Complexity arises through the diverse needs of participants. Stability is required for staff skills to become well-defined, or standardized, into formal programs.

- The process must be consistent with SDA goals.

Two key assumptions of this pigeonholing process are that an individual's employment barriers can be assessed, and that services have greatest impacts when targeted to remove an individual's employment barriers. There is no single, correct method of assessing and assigning services to a person. Rather, a variety of methods exist, all requiring considerable discretion and staff expertise to be implemented properly.

TREATMENT DECISIONS. In this pigeonholing process treatment decisions are under the control of staff and, hence, can be manipulated to improve performance. Two elements seem to be key for achieving high performance. First, staff must have adequate skills to perform diagnosis and operate programs. Indeed, the quality of staff was perhaps the most important determinant of performance under CETA. [9] Second, and central to the assumptions in Exhibit 10, the programs assigned to participants through the pigeonholing process must effectively eliminate or reduce participants' needs. They are the intervention that's supposed to make the JTPA connection work. If participants are misdiagnosed (that is,

their needs are categorized incorrectly), or if the wrong programs are assigned for a given category of needs, or if the program itself operates poorly, poor performance may result. Most pigeonholing processes do not run properly all the time; the above problems are common in most service delivery systems. At best, pigeonholing is imperfect, and it is up to management to handle the disturbances and conflicts that normally arise.

In our example SDA, a competency-based pigeonholing process is used. The process is well-documented, and a review of participant records reveals that it is implemented faithfully. The chief purpose of intake is to document client achievements and deficiencies in the following four competency areas:

> Educational: Possessing the basic computational and communication skill levels necessary for successful entry into the labor market for their occupational choice;
>
> Work Maturity: The demonstrated ability to apply positive working habits which meet employer expectations and fulfill basic employee responsibilities such as reliability, motivation, ability to carry out instruction, etc.;
>
> Pre-employment: A basic awareness of the world of work, knowledge of work opportunities, skills for selecting among these opportunities, and the job search skills necessary to secure and present well in informational and job interviews; and,
>
> Occupational Skills: Mastery of entry level and advanced skills required for a specific occupation or class of occupations defined by employers, unions, or generally accepted occupational standards.

Paper and pencil tests, staff evaluations, completion of assignments and other diagnostic tools are used to benchmark competencies at entry. Once established, the necessary sequence of services to overcome deficiencies is assigned (through the ITP) as shown in Step 5 of Exhibit 11.

Before closing our discussion of the intake process, its overall design must be considered. Up until this point, the order of events in the pathway (Exhibit 11) and the hierarchy of objectives (Exhibit 10) have been the same. In this stage they differ, as shown below (where "assignment" means assigning services to the participant through the individual training plan):

PATHWAY	HIERARCHY OF OBJECTIVES
Assessment	Enrollment
Assignment	Assessment
Enrollment	Assignment

Enrollment occurs first in the hierarchy of objectives but last in the pathway. In the hierarchy of objectives, the SDA enrolls everyone who is eligible; in the pathway the SDA enrolls only eligible adults and youth who successfully complete assessment and assignment. By placing enrollment last in the sequence, the SDA increases its influence over access decisions, or who receives training and placement services. The information reviewed in this volume and our discussions with SDA and contractor staff indicate that most SDAs enroll clients according to the

process shown in the pathway (Exhibit 11). By placing enrollment last in the flow, SDAs are in a better position to cream. Furthermore, it also can give the SDA greater control over its performance. If training and placement services are subcontracted, SDAs doing intake can alter their performance levels simply by changing referrals to providers that, for whatever reasons, place better.

In summary, even though intake is not part of the job training services clients receive, it plays a critical role in determining the success of the program. Our SDA's job training services may be highly effective in eliminating deficiencies in the four competency areas. Yet, if a client's competencies and deficiencies are not properly identified, or if deficiencies are matched improperly with services, the effectiveness of these services may be reduced greatly. Thus, the twin purposes in this part of the pathway examination are:

- To determine whether your SDA has a systematic, accurate way (or pigeonholing process) of determining client needs and assigning services based on these needs.

- To determine what percentage and what kinds of clients go through what steps in the intake process.

- To determine how the intake process affects the flow of clients from application to enrollment.

Returning to Exhibit 11, in our example SDA about 30 percent of the eligible applicants drop out during intake, leaving 122 enrollees (with 15 percent of these bypassing normal intake procedures). Thus, of the 220 persons who applied for services, about 55 percent received training or employment services. Further breakdowns of enrollees into target groups indicate that performance standards for some groups may not be met. Therefore, the SDA has two basic options to increase the number of enrollees: either increase recruitment of applicants or relax the screening devices of the intake process. Rather than modifying a well-working cog of the organization, the SDA elects to bolster its recruitment efforts.

TREATMENT (STEP 6)

In our SDA, once the participant's ITP is completed, he or she is referred to a subcontractor, where job training services are provided (Objectives 4-6 in Exhibit 10 and Step 6 in Exhibit 11). Supposedly, these are the critical events that will make the difference, that will move the participant into employment (or other positive outcome). In general, the effectiveness of these services depends on two factors. First, the service must actually reduce or eliminate the participant's needs and/or deficiencies. In general, all JTPA services require the participant to change in some way. Institutional training, for example, is designed to increase a participant's skills, which in turn should increase his or her chances of finding unsubsidized employment. If the training fails to increase a participant's skills, his or her chances of finding employment may not be improved by the service. Thus, the link

between a JTPA service and a job is indirect. Whether or not a service results in unsubsidized employment depends on the service's success in changing the participant as intended during treatment. 15/

Therefore, in order for the subcontractor or SDA to judge good services from bad ones, the provider must be able to measure both the kind and amount of change in a participant that a service (or sequence of services) has produced. 16/ For example, a youth entering a word processing course may already have typing skills but know nothing about computers. After completing the course, the participant is a skilled word processor. In the participant's institutional training course the gain in skills was measured by (1) the participant's demonstrated ability to perform specific word processing tasks; and (2) an overall grade for the course. This gain in skills led to a job shortly after the course was completed. By recording such skill gains in the MIS, the SDA and subcontractor can readily detect services that are effective or ineffective in changing participants in the manner desired. In this way good services can be perfected while bad services can be improved or eliminated. As a whole, changes in participants (such as a gain in skills) produced by JTPA services are an intermediate objective of the program (i.e., Objective 6 in Exhibit 10).

The second factor influencing service effectiveness is how the service is implemented. Here the primary issue is service integrity, or whether the services that are formally prescribed to participants are actually given or experienced by them. The issue typically occurs when (1) the participant receives fewer services than prescribed in his or her ITP, or (2) the subcontractor substitutes one service, say classroom training (CT), for another, say placement services. The first situation can be determined by periodically examining client case folders for time spent in each service (or an MIS analysis could be conducted if the dates of service are in the data base and the MIS service data are fairly accurate). In the second situation, the contractor has a performance-based contract, and its interest is to place as many participants as cheaply as possible. Therefore, it strives to place as many participants through low-cost placement services rather than its higher-cost CT program. At times, participants may be officially recorded as receiving CT in the MIS, but in reality they enter employment through placement services. The participant's folder may show that he or she received some

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15/ This reasoning is implicit in the JTPA. Paraphrasing the Act's statement of purpose (Sec. 2), JTPA is to provide training to youth and unskilled adults to increase their skills so they may, in turn, obtain productive employment.

16/ Please remember that these services may be provided by either JTPA organizations or outside coordinating agencies.

training, but this amount is usually far below the SDA average, does not increase the participant's occupational skills, and is not responsible for the participant's employment. In essence, the program is a masquerade where placement services (emphasizing counseling) are made to look like training. While these services undoubtedly improve the participant's ability to find a job (because most everyone can get a job with their current skills), they often do not help the participant hold a job because no training to improve skills was provided. In these cases, we might expect a subcontractor to have high placement but low retention rates.

All of this indicates that subcontractors can manipulate the MIS to their own benefit and, hence, the SDA cannot rely fully on its performance control system to find out what services participants are actually receiving. Sporadic audits of contractor case files may be necessary. But the MIS can be appropriately used to compare placement and retention rates; major discrepancies here might suggest the substitution of placement services for training. With the increasing emphasis on retention in JTPA, one way SDAs may counter this masquerade (or "service creaming") is to make reimbursements based primarily on retention in their contracts, which is consistent with the ultimate objectives of JTPA (Objectives 1 and 2 in Exhibit 10). Another measure is to set a ceiling on the number of participants placed through direct placement in the contract. In either case, most SDA staff may know little of what actually goes on at the service provider level.

There are many ways of providing services to participants, such as competency systems [2], work adjustment hierarchy systems [22] and others. The relative merits of these alternative approaches are unclear, mainly because we know very little about how services should be designed to achieve the best outcomes [7]. For now, however, we will use the above two factors for determining the effectiveness of any given service strategy.

Our SDA's competency-based service strategy seems to satisfy these two criteria. Ongoing assessment is used to measure the participant's progress in eliminating deficiencies. The participant's Individual Training Plan (ITP) specifies when his or her progress will be monitored during treatment. The plan also identifies the agency responsible for providing training services and the competency gains to be achieved. Gains in competency are measured through a set of standard indicators developed for the four competency areas and their respective subareas. For example, some of the categories (and their respective indicators) for work maturity are as follows:

Reliability:

- is on the job regularly with minimal absence
- is prompt to work and returning from breaks
- reports to work in good condition
- notifies supervisor when absent or late

Motivation:

- does not avoid any part of the job
- seeks additional work when assigned tasks are completed
- asks questions and seeks opportunities to learn
- shows enthusiasm and volunteers extra effort when necessary

In short, whether the service actually reduces or eliminates needs is determined through the regular, on-going monitoring of the participant's progress through his or her ITP. If needs are not being addressed by the prescribed services, the plan can be altered to increase service effectiveness. Where such progress evaluations are a normal part of the training program, process analysis of the SDA's treatments becomes a day-to-day operation.

Normally, such monitoring systems are developed to follow an individual's progress. But sometimes an entire training program offered by a subcontractor may be bad. Usually, these programs or agencies may be readily detected by their relatively high dropout or low placement rates. Using its performance control system, the SDA or contractor closely monitors pathway dropout and placement rates to detect problems. But the MIS is of little use in pinpointing the actual causes of flow problems. Where high treatment dropout or low placement rates exist, the contractor needs to evaluate the quality of its program and determine whether feedback mechanisms exist to assure participant needs are addressed--that the first factor above is satisfied. In these cases, program quality may be upgraded by hiring more qualified instructors, increasing the length of training, improving the training provided to participants, or some other measure.

TREATMENT UNDER SUBCONTRACTING. Before leaving the treatment stage of the pathway, which many SDAs subcontract, the consequences of subcontracting on treatment effectiveness should be considered. The chief benefit of subcontracting is the potential for specialization, which may lead to higher levels of performance than when SDAs deliver services alone. That is, when an SDA divides service delivery by market or function, subcontractors can design services customized for specific participants in specific training areas. This usually has a positive influence on the effectiveness of services, boosting performance levels. Of course, subcontracting also has undesirable consequences on service delivery, and these are mentioned here.

First, depending on the method, subcontracting may adversely influence access decisions. When services are provided either by the SDA or by other organizations, the client still decides whether to participate in the program. However, when an SDA subcontracts all services by function (i.e., subcontracts are for providers to train participants for specific occupations), the client, through his or her choice of the subcontractor, also chooses the services that he or she receives. This is because, under JTPA's performance-based system, few incentives exist for one subcontractor to refer applicants to other subcontractors in an SDA. Instead, when a job-ready and eligible client walks through the door of a subcontractor, we can be fairly sure that client will be enrolled in the subcontractor's program, even though other subcontractors in the SDA might be offering services more suited to the client's needs and

interests. This is less likely if services are subcontracted by market so that, for example, one provider is responsible for all youth, or all adults, or all handicapped participants. Here, there is only one source of services for each participant group. If a youth walks through the front door of the adult service provider, there is a good chance he or she will be referred to the proper youth agency. In short, competition for (job-ready) participants tends to be lower under market than function subcontracting. To the extent function subcontracting provides services less suited to participant needs, we might expect that services would be less effective under function than market subcontracting. Moreover, we would also expect that few participants would ever receive multiple services coordinated among multiple providers. However, this last feature might not be a problem, given PIC preferences for single component programs in the past.

This pattern may not apply to SDAs subcontracting part of their services. For SDAs that subcontract training but retain control of outreach, intake, and placement services, the SDA still controls whether or not the participant enters a program as well as influencing the type of training the participant receives. Conversely, subcontractors often have little influence over whom they train. SDA-subcontractor conflicts may arise over the types of participants referred for training.

The second negative consequence is that, under function subcontracting, the SDA may loose the "big picture." That is, service delivery becomes fragmented when an SDA subcontracts to several organizations, each having multiple contracts to train participants for specific jobs. With service delivery dispersed in this manner, SDAs may have difficulty knowing where they stand performance-wise at any given moment. Here, the SDA must rely heavily on its MIS to monitor entry, training and outcome activities across providers on a regular and timely basis. Only the MIS can provide the SDA with an overview--the big picture--of where things stand for the SDA as a whole.

EMPLOYMENT (STEP 7)

At this point in the pathway, our focus is to examine the outcomes associated with the different types of services participants receive. Procedures in the gross impact guide (Volume IV in this series) may be followed. Performance control systems based on an MIS are particularly suited for performing such analyses. While such analyses may be used to identify subcontractors having problems with specific standards and to pinpoint where the problem exists in the pathway, they may say little about the underlying causes of the problem. For this, more thorough process analyses as discussed in this volume are needed.

One point deserves mentioning here. As shown in the pathway, participants may exit into employment from all four competency areas. For example, a youth might want a job now and not have the patience to enroll in a training program. Thus, it might be highly informative to store the sequence of services in each participant's ITP in the MIS. Then, further analyses of how exit points in the sequence--start, middle or end--relate to outcomes may be conducted. Such information would be highly useful for staff responsible for designing the ITPs and may lead to important design improvements in this area.

According to Exhibit 11, 98 placements occur, or about 80 percent of those enrolled, but only 45 percent of those who apply.

FOLLOW-UP (STEPS 8 AND 9)

Most of JTPA's performance standards reflect short-term outcomes, and so this is what SDAs and subcontractors have emphasized in their programs. Yet, as indicated in the hierarchy of objectives, positive terminations are only a means to an end, long-term job retention at a wage above the poverty level. Although most SDAs have limited follow-ups to 90 days (or less), PICs and states have shown some interest in conducting long-term retention assessments. However, because JTPA services are one-shot, short-term interventions that alter only a few variables in the complex process determining labor market success, real limits may exist on what can be achieved in the long run.

During follow-up, gross impacts should be monitored (to determine what the impacts are) and evaluated (to determine the relative effects of JTPA services on the impacts). Methods for accomplishing this task are described the guide for gross impact evaluation.

As indicated by Step 8 in the pathway in Exhibit 11, subcontractors (or the agency responsible for placement) often provide follow-up services to troubleshoot any problems that might arise, ultimately to assure that participants remain employed. Both employer and participant follow-up are commonly made. These services should be recorded in the MIS, and their relative contributions to long-term job retention should also be assessed through the gross impact evaluation. In our example SDA, 64 participants, or 65 percent of the placements, are still employed one year following program completion. Their average wage and annual earnings are both above the poverty level.

EMPLOYERS

Up until now, our focus has been participants. But as they move through the pathway, SDAs and subcontractors are also performing job development--securing unsubsidized public and private job slots for their clients. These services are usually of two types (and most agencies usually do both): finding jobs for specific participants, and developing jobs available to all participants who wish to apply. As shown in the hierarchy of objectives (Exhibit 10), participants and employers usually connect with each other at distinct points in the hierarchy (or pathway). 17/ Because these connections reflect coordination of SDA/subcontractor activity, they are discussed in greater detail in the next chapter.

17/ No matter what services participants receive, they can conduct their own, independent search for employment concurrent with participation in JTPA. Sometimes participants are successful in finding a job. In these cases the employer-participant match can occur at any point in the hierarchy.

ASSESSMENT OF THE WITHIN AND BETWEEN CONDITIONS

For the most part, the work component in our SDA (and subcontractor) satisfies the WITHIN condition. The work component consists of well-defined, logically sequenced steps that move the participant relatively smoothly from entry to exit. A competency-based service system is in place to document that participants experience verifiable gains in skills, motivation and other behavioral dimensions. In short, the work component is an integral element of the conversion process.

The BETWEEN condition is satisfied too, but in a curious way. As you may recall from Chapter 3, the performance standards and goals of our SDA's mission component were inconsistent with the standards dominating the mission component. Some elements of the work component are consistent with the SDA's goals, while other elements are consistent with the SDA's performance standards. On the one hand, by attempting to provide most eligible clients with multi-component services targeted to meet their needs (as defined in the SDA's competancy-based system), the SDA has achieved its goal of implementing a comprehensive service delivery system. On the other hand, insufficient resources and pressures to meet performance standards push the SDA toward intake procedures and program structures that screen out less motivated clients and that result in service creaming. Thus, a social consequence of these forces is that some eligible clients (such as the less motivated and, therefore, hard-to-serve) never are enrolled, while some enrolled participants receive something less than the treatments prescribed in their ITPs. The latter is one potential cause of the subcontractor's performance problems.

Finally, we have waited to the very end to make a final point. All phases of the pathway--recruitment, intake, training, and so on--require qualified staff if the SDA or subcontractor is to perform well. Thus, whenever any phase of activity along the pathway is examined, so should the qualifications, skills and motivation of staff performing them. Ideally, staff competencies should match program characteristics of the organization. For example, an OJT subcontractor might hire staff with marketing skills for recruiting employers rather than staff with social work and client case management skills.

CHAPTER 5
HOW TO EXAMINE THE COORDINATION COMPONENT

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Definition of the WITHIN Condition

Definition of the BETWEEN Condition

The WITHIN Condition

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- Standardize Skills
- Standardize Tasks
- Mutual Adjustment
- Direct Supervision

Coordination in the Mission Component

Coordination in the Work Component
- Intake
- Training
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The BETWEEN Condition: Coordinating Activity in the Mission Component with Activity in the Work Component

The BETWEEN Condition: Coordinating Activity Between Organizations—Some Critical Issues

Accountability
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Assessment of the WITHIN and BETWEEN Conditions: An Example

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CHAPTER 5. HOW TO EXAMINE THE COORDINATION COMPONENT

In the work component, our attention focused on SDA and subcontractor treatments (or the service strategy) provided to participants. Elements of the work component primarily determine the organization's effectiveness in producing outputs--in this case, increased employment and earnings and reduced welfare dependency. The coordination component, in contrast, captures the organization's efficiency in producing these outputs. Common indicators of an organization's efficiency include cost per placement, cost per training session, average time to complete an ITP and others.

Our aim in this chapter is to present guidelines for examining the coordination component, or the organizational processes that determine its efficiency. The guidelines are presented in three sections. First, guidelines are described to determine whether the coordination component satisfies the WITHIN condition. For the coordination component, the WITHIN condition requires that the mission component and the work component have mechanisms for coordinating their respective activities. In the mission component, for example, management is a major coordinating mechanism; it assures that the parts of the planning process--choosing goals, making allocation decisions, etc.--are consistent with each other.

The second section presents guidelines for examining the BETWEEN condition. For the coordination component, the BETWEEN condition requires that mechanisms exist (1) to coordinate activity in the work component with activity in the mission component, and (2) to coordinate one organization's activity with other organizations in the environment (for example, mechanisms for coordinating an SDA's activity with its subcontractors and outside agencies, such as welfare).

The third section illustrates these guidelines in the example SDA that we have been examining.

COORDINATION MECHANISMS

Every organized human activity has two fundamental and complementary requirements: the division of labor into various tasks to be performed, and the coordination of these tasks to accomplish the activity. The structure of an organization is how labor is divided into distinct tasks, and how coordination is achieved among the tasks. [17]

There are several ways to coordinate activities in organizations, but most involve various forms of standardization. [16, 17] SDAs and subcontractors coordinate service delivery in five ways. First, coordination is achieved by standardizing outputs through performance standards. SDA activity is directed, or coordinated, at achieving the standards, but how each SDA does this often varies.

The second method of coordination is standardizing skills. This means that SDAs hire trained staff having similar--or standardized--employment and training skills. But no matter how standardized the knowledge and skills of staff, their complexity ensures that considerable discretion remains in their application. No two staff ever apply their skills in

exactly the same way. Each staff member works fairly independently of others but closely with the clients he or she serves. Yet, because skills are standardized, each staff member knows what to expect from others, and so coordination can be achieved. In short, SDAs coordinate activity by standardizing the worker as well as the outputs of the service delivery systems. Yet, this is only a loose coordination mechanism; perfect coordination of an organization's activities is rarely assured through this mechanism.

Third, organizations also coordinate activity by standardizing the task to be performed. For example, a youth provider may have a subcontract requiring a high volume, low cost per placement operation. The provider judges that most youth that it serves have very similar needs. Therefore, most youth can receive the same set of quick-turnaround services. In other words, because the needs of youth are similar, the provider can standardize the service(s) that each participant receives. All youth coming through the agency receive the same service(s), and service delivery becomes highly repetitive. Under these conditions, staff skills become less important. The provider only needs staff that know (or can quickly learn) a small number of skills and then consistently apply these skills to all youth. In this way, standardization of the task coordinates the provider's operations. Compared to coordinating by staff skill, this form of coordination is more formalized, less flexible and more bureaucratic. And it may require additional staff simply to coordinate work flows. Yet it is the organizational structure best suited for efficiently placing a high volume of participants (assuming services are effective).

The fourth method of coordination, mutual adjustment, is simply informal communication among those doing a task. For example, two persons paddling a canoe rely on mutual adjustment to coordinate their efforts. Similarly, JTPA intake staff may discuss as a group what services each client should receive.

The fifth method is direct supervision, where one person takes responsibility for the work of others, issuing instructions to them and monitoring their actions. In effect, one brain is coordinating several hands. In JTPA, examples are the management (or coordination) of an organization's intake, planning or other unit's activities.

In summary, an organization can coordinate its activity by standardizing outputs, staff skills, and tasks, as well as through mutual adjustment and direct supervision. As a whole, the three modes of standardization also aid management control of the organization. We briefly review an organization's coordination mechanisms in the mission and work components below.

THE WITHIN CONDITION: EXAMINING THE MISSION COMPONENT

The mission component has two chief means of coordinating its activities, staff skills and management. The various tasks of the mission component--developing goals and objectives, conducting a planning process and operating the performance control system--all require competent staff with relevant skills, if the tasks are to be performed correctly. For

example, an SDA may employ three planners, each having a different planning task to perform. If one of the planners lacks skills to perform her or his task, little coordination among the planners may occur, and a low quality plan may result.

Management also plays a coordinating role in the mission component. For example, in the above planning example, management can periodically review the products of each planner to assure they fit together properly into a future job training plan. A second example is management's role in coordinating the SDA's planning and compliance efforts. In many SDAs, planning and compliance are independent activities. Planners develop the plan; someone else is responsible for implementing it and monitoring performance. Consequently, planners may know little about how well the plan is working. If performance problems are detected, planners, who often have the greatest understanding of local conditions among SDA staff, are often "left-out" of the SDA's problem solving efforts. Management, however, can bring planners and compliance staff together (when appropriate) to help resolve such issues.

THE WITHIN CONDITION: EXAMINING THE WORK COMPONENT

All five ways of coordinating activity are commonly found in the work components of JTPA organizations. In the sections that follow, coordination issues in the client pathway are discussed.

INTAKE. No matter what organization performs intake, a group of staff must work together to move clients through the application-assessment-assignment process as efficiently as possible. Common forms of coordination here are standardization of skills and mutual exchange of information among staff. For example, staff may have very similar training, and participants are assigned services based on discussions among all staff. Therefore, if intake staff have deficient skills (or do not share common skills), or if staff do not talk to each other (because they do not like each other), intake may run poorly. These problems can be solved through staff training, shifting staff assignments, replacing staff, or increased supervision.

TRAINING. JTPA organizations sometimes develop multi-service ITPs for participants. Where this occurs, mechanisms must exist for coordinating service delivery--to assure that each participant moves smoothly from one service into another in his or her plan. A common mechanism is assigning clients to staff counselors, who are resonsible for monitoring the client's progress through his or her ITP. To increase staff productivity, some agencies may store the client's ITP on the MIS. Then, the MIS automatically prompts staff when each client is scheduled to move to his or her next service.

Extensive coordination also normally occurs during training itself. The direct supervision provided in an individual's OJT program or instructor supervision of a vocational education class are also examples of this type of coordination.

Agencies operating competency-based systems also have additional coordination concerns. Not only must services be delivered properly but

each participant must also progress in a predetermined, step-by-step manner through the various competency levels. The chief concern here is coordinating services with each participant's incremental achievements.

JTPA CONNECTION. At some point along the pathway the participant is matched with the employer (or some other positive outcome occurs). Although some participants find employment on their own, many rely on JTPA staff and services to perform the connection. There are several ways of coordinating the matching process. One is to have staff be responsible for performing both activities; staff develop slots as needed for their respective participants. The potential problem with this approach, however, is that one staff member may develop slots best suited for participants assigned to other staff. A solution to this problem is to make participant assignments a group activity. Staff would meet regularly as a group, where all the participants and slots are brought together and appropriate assignments made. When staff have similar skills and criteria for matching, this format is a relatively direct method for handling an otherwise cumbersome task. Finally, if separate staff are responsible for training and slot development, another solution is to make each unit's manager responsible for both activities, or have a separate staff member coordinate work in the two units. The essential point here is that SDAs must have workable mechanisms for connecting participants with training and job slots.

Exhibit 10 in Chapter 4 defines locations in the hierarchy where participants can be matched with employers. The following analyses may be conducted to determine how well the participant-employer matching process is performing in your SDA or subcontract organization.

First, the most frequently used procedures (or services) for matching participants with employers are listed and defined. This simple exercise is conducted for two reasons. First, it allows agencies to document the scope of their matching activity. Some organizations are surprised to see how few services are devoted to accomplishing this function. Second, by defining the service, some agencies doing job development may discover that very little staff effort goes into the service.

Once the services are listed, the second step is to find out what percent of enrollees received them. This answers the question, "What percentage of enrollees found jobs on their own (through job clubs, JSA, etc.) versus were referred to jobs located by staff?" 18/ The underlying issue here is control of the matching process. If the majority of participants find jobs on their own, the agency's placement performance is determined

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18/ The percentage of participants finding jobs on their own is influenced by the agency's service mix. For example, an agency with high numbers of OJT participants may have a low percentage of participants finding jobs on their own. Conversely, agencies with a high number of institutional training participants may have a majority finding jobs on their own.

mainly by participants. On the other hand, if the majority of participants are placed through job development services, staff have greater control over the participant-employer matching process. Thus, if the agency is having a placement problem, it may be caused by how participants find jobs. If placement rates are too low and most participants find jobs on their own, the agency may wish to consider placing more participants through job development (to increase agency control over the matching process). But if most participants are placed through staff job development, yet a placement problem exists, the problem may lie with the quality of the service, or perhaps a poor job market.

Agencies should repeat this exercise for employers. For example, employers hiring participants through job development or referral and OJT services may be compared with employers hiring participants through JSA, job clubs and related services. How do their satisfaction levels differ (if at all)? Is either group a "regular customer"--employers who repeatedly hire JTPA participants?

The third step is to define where in the pathway most matches occur. Do most occur at (or shortly after) termination? Or at intake (when participants are assigned to OJT slots)? This type of analysis is useful in assuring that the timing of job development/placement services is appropriate for most participants (and employers).

These are some basic analyses that may be conducted of the matching process. The chief tool for conducting these analyses is a properly designed MIS containing both participant and employer data. You may wish to expand or customize these analyses to meet the unique requirements of your own agency. In doing so, please be aware that when examining the matching process, every question that you ask of participants can usually also be asked of employers.

FOLLOW-UP. After the participant completes training and exits the organization, staff conduct one or more follow-up interviews with the participant and (sometimes) his or her employer. Services may also be provided during this stage. All of this activity must be coordinated: the task must be integrated into staff work schedules, telephone calls must be scheduled at proper dates following termination, and any follow-up services must be arranged. Although management can play a big role in coordinating these tasks, the MIS can relieve some of this burden and thereby make staff more productive. When programmed properly, the MIS can print weekly reports listing all follow-up participants to be contacted that week, along with their telephone numbers and the numbers of their employer. Then, management's only task is to make sure the work gets done.

SUMMARY. In any JTPA organization the efficiency of the flow of clients along the pathway is greatly determined by how well the organization coordinates its activities.

Process indicators often used to measure flow efficiency along the pathway are workflow, volume and productivity [1:56]:

- Workflow can be measured in terms of client time (e.g., average time between call for appointment and the appointment, between beginning and completion of intake, between

intake and admission, between admission and discharge or termination) and/or worker time (e.g., average time to complete writeup of intake, average time to complete discharge planning, average time to complete job skills education program, average time to complete crisis referrals).

- Volume can be measured in terms of number of clients served (e.g., weekly, monthly, annually) and/or the number of services provided (interviews conducted, counseling sessions, etc.). Chapter 4 contains an illustration of how client volumes along the pathway can be assessed.

- Productivity can be measured in terms of performance ratios related to costs, staff, and time. Costs can be related to units of service or activities (e.g., cost per counseling session, classroom training session, diagnostic assessment, discharge planning, etc.). Staff ratios can be related to workload standards (number of cases per counselor, number of participants per class, number of community information meetings per worker, etc.). Time ratios can be related to the frequency of a program activity in a given time frame (e.g., number of clients screened for eligibility per month, number of counseling sessions per week, number of training or activity sessions per day).

While SDAs and subcontractors should periodically use these indicators to monitor the efficiency of their respective organizations, having an efficient organization does not guarantee a successful program. This is because efficiency is just one of several factors determining performance. For example, two subcontractors with identical expenditure/ personnel, expenditure/ participant, and participant/personnel ratios may differ substantially in performance, depending on how decisions are made about specific aspects of treatment. [11] In the next section, other factors influencing the efficiency of the organization are discussed.

THE BETWEEN CONDITION

The BETWEEN condition requires that mechanisms exist (1) to coordinate activity in the work component with activity in the mission components; and (2) to coordinate an organization's activity with other organizations in the environment. These are reviewed below.

COORDINATION BETWEEN MISSION AND WORK COMPONENTS

In the mission component, access, treatment and allocative decisions determined what groups would receive services, how many individuals would be served, and how much the total costs of each service would be. In other words, a plan was developed for meeting the SDA's goals (and performance standards).

Once implementation begins, however, intake activity may not follow the SDA's plan. Applicants may have unexpected needs and earning or employment barriers. Some target groups may not apply in sufficient

numbers to meet performance standards. Applicants may not meet employer needs. In short, implementation does not follow the plan.

In these cases, it is management's role to make sure intake coordinates its activity with on-going access, allocative and treatment decisions (of the mission component). That is, intake must receive timely, regular information from the performance control system, such as the current number of enrollees, services assigned-to-date, expenditures-to-date, and progress toward meeting performance standards. If management detects, for example, that OJT slots are being assigned too rapidly, management may direct intake to alter its OJT assignment procedures (at least until the problem corrects itself) or take other corrective actions. Without such coordination of intake with the mission component, there is little chance that SDAs (or contractors) will meet their performance requirements. Similar forms of feedback should also occur at the treatment and follow-up stages of the client pathway.

COORDINATION WITH OTHER ORGANIZATIONS

If an SDA decides either to subcontract services or enter coordination agreements with outside agencies, mechanisms must exist for coordinating the SDA's activity with the other organizations. Normally, the following coordination issues arise in these arrangements.

ACCOUNTABILITY. Because coordination is rarely perfect, lines of accountability become unclear, particularly for SDA's subcontracting all services by function. When services are contracted by function across providers, accountability for achieving SDA performance standards cannot be easily measured or determined. If placements (or another standard(s)) fall, who is at fault? Is it with a specific provider? Or with contracts for a specific service? Or does the problem lie with the SDA? Has the SDA's planning process gone awry, targeting resources and contracts for jobs that do not exist in the labor market? There may be a lot of fingers pointed, but determining actual causes of poor performance is difficult at best under this form of service delivery. However, accountability tends to be preserved in SDAs subcontracting by market. If only one agency is providing youth services, then it is clear who is accountable for youth performance. And if it can be determined who is accountable for a given coordination problem, developing new SDA-provider coordination mechanisms to solve the problem becomes much easier.

Similar accountability issues arise for SDAs that subcontract only part of their services. Here, accountability is shared by the SDA and the subcontractor. Who is at fault when performance falls? Does the problem lie with the SDA's intake and assignment procedures, or with the subcontractors' training programs? A careful, impartial analysis of both operations (and their interrelationships) is needed to untangle and clarify who is accountable in these service arrangements.

COMPREHENSIVE SERVICES. If an SDA offers comprehensive services from multiple subcontractors, mechanisms must be present to assure that participants move from one service to another in the proper sequence, as stated in the ITP. A common mechanism is assigning clients to staff counselors, who are responsible for monitoring the clients' progress through the ITP. To reduce staff effort required here (which may be

large, depending on staff-client ratios), the MIS can automatically prompt staff when each client is scheduled to move to his or her next service (provided the ITP is stored in the MIS).

Such monitoring tools are important when an SDA (unwisely) offers comprehensive services through function subcontracting. Here, different subcontractors are responsible for each service in the ITP, and only through direct staff efforts can services be coordinated properly. This method of providing comprehensive services is inefficient because it involves a great deal of staff time to coordinate (and, therefore, higher administrative costs).

INTAKE AND TRAINING. If the SDA performs intake and contractors perform training, the two organizations must coordinate their activities. This involves two major issues. First, SDAs with this service arrangement must assure that the flow of participants from the SDA to the contractor operates in a smooth and timely manner. The MIS should be used to calculate the average number of days between enrollment and first day-of-service as an indicator of pathway efficiency. The smaller the average, the more efficient the flow of participants.

Second, SDAs and contractors must share similar "validity assumptions" (Exhibit 10 in Chapter 4) for the transfer of participants to work. That is, both parties must define the participants' needs and barriers in a similar way, and both must agree that the services provided by the contractor are appropriate for the individual. Otherwise, contractors may become highly dissatisfied with SDA referrals, resulting in poor SDA-contractor relations. Just as intake staff rely on standardization of skills and mutual exchange of information to coordinate their efforts, so must the SDA and contractors use these mechanisms to coordinate their efforts.

SDA-COMMUNITY AGENCIES. The SDA must also coordinate its services with other agencies in the area, such as welfare. Such effort is required by the JTPA to increase services available to participants and to satisfy JTPA's welfare performance requirements. Thus, our interest is in defining actual, working client referral relations between the SDA or subcontractor and the outside agency. If an SDA or subcontractor has established relations with outside agencies but no referrals are being made, then this form of service coordination is a failure and may contribute to poor performance.

The MIS may be used to produce the following descriptive statistics, which profile referral activity:

- Total number of clients enrolled;
- Percent of enrollees referred from outside agencies;
- Percent of services that referred clients receive (from JTPA and from all outside sources); and,
- Outcomes of referred enrollees.

These statistics may be calculated for all enrollees (as listed above) or separately for each outside agency. They measure the scope of referral activity and, if found deficient, may help management make informed decisions for improving referral relations. For example, one multicounty

SDA was having problems meeting its welfare performance standard. It soon discovered that virtually all of its welfare referrals were from a single county, where the only welfare office in the SDA was located. Recruitment was intensified in other counties, and SDA-welfare relations were modified to correct the situation.

SDAs should also check for possible coordination problems between subcontractors and outside agencies (such as welfare). Each subcontractor may have to establish links with outside agencies. The likely result is that outside agencies may be overwhelmed by maintaining so many links, producing fragmented coordination patterns for the SDA as a whole.

EMPLOYER SERVICES. In a similar way, each subcontractor is responsible for employer services, and employers may be bombarded by agencies, all seeking placements, OJT slots, or other forms of participation in their respective programs. This kind of overkill can reduce employer participation in an SDA's programs and, where severe, pressure the SDA to take over this activity.

GOAL DISTRACTION. Subcontracting can distract SDAs from their goals. [16, 17] Once the SDA has decided to subcontract, attention usually shifts to establishing and monitoring contracts, and the SDA's goals may become lost (particularly if the SDA's goals are not clearly defined). The result is often an "ends-means" reversal, where the SDA's mission shifts from achieving a set of goals to administering a set of contracts. To keep itself on course, the interrelationships of contracts to performance standards and performance standards to goals must be well-defined and kept in mind in the day-to-day operations of the SDA.

SUMMARY. These points indicate that subcontracting has its pluses and minuses. More centrally, subcontracting involves a fundamental tradeoff in the use of resources. [16, 17] By subcontracting (and, hence, service specialization), SDAs gain as resources are used more effectively. But these gains can be offset by the need for more personnel to coordinate services (i.e., a potential loss of efficiency). Subcontracting is efficient only when it saves sufficient resources to pay at least the higher costs of increased management coordination.

ASSESSMENT OF THE BETWEEN AND WITHIN CONDITIONS

We will use our SDA problem to illustrate how the BETWEEN and WITHIN conditions are applied. An examination of our example SDA reveals that intake staff are working well as a unit and closely coordinate their work with the performance control system; well-established links with non-JTPA agencies in the community exist; but SDA and subcontractor staff have voiced problems with the JTPA connection and SDA/subcontractor relations.

Whenever an SDA subcontracts a portion of its services, it is essentially lifting a chunk out of the pathway and giving it to someone else to perform. While service delivery may be more effective through this allocation of effort, SDA and subcontractor activities must now be coordinated. Discussions with SDA and subcontractor staff across a variety of positions (including management) reveals the following symptoms of coordination failure.

- SDA staff perform intake using their competency-based system. The subcontractor operates training programs under a somewhat different needs-based system. Consequently, the SDA and subcontractor disagree on how services should be assigned, and the subcontractor is often dissatisfied with the participants the SDA refers for training.

- The SDA's competency-based system requires SDA intake staff to monitor participant progress through training. The subcontractor regards this as unneeded compliance/ harassment. Monitoring occurs only when an SDA staff member has a good working relationship with someone in the subcontractor's organization.

- The subcontractor is responsible for placing the participant, yet it is SDA intake staff who are most familiar with his or her employment plans, competencies, etc.

- The subcontractor is supposed to refer participants with multi-component ITPs back to the SDA when the subcontractor's service is completed. Sometimes this never happens.

- Performance standards are not being met, even though everyone seems to be working at their full capacity, and intake and job training services, by themselves, seem to be well-designed and executed.

This evidence leads to the following conclusions regarding the WITHIN and BETWEEN conditions for the coordination component.

- WITHIN CONDITION: This condition is satisfied in part. The SDA and the subcontractor appear to have well-designed mission and work components with few coordination problems in each. However, SDA and subcontractor staff are dissatisfied with how the JTPA connection (i.e., the process of matching participants with employers) is operating in the work component. The source of this dissatisfaction is found in the BETWEEN condition.

- BETWEEN CONDITION--MISSION/WORK COORDINATION: Few problems exist here, except that subcontractor staff (work component) view SDA monitoring as unjustified. This is a symptom of the true causes of the problem, which are explained next.

- BETWEEN CONDITION--SDA/AGENCY COORDINATION: The SDA has established good working relationships with non-JTPA agencies. However, coordination between the SDA and subcontractor is a failure. The SDA and the subcontractor have different pigeonholing processes for assigning services. Consequently, SDA intake decisions are often inconsistent with the subcontractor's treatments. Also, no mechanism exists to coordinate SDA-subcontractor referrals. Further, no mechanisms exist to coordinate participants' progress through their respective ITPs.

In short, the SDA and the subcontractor have failed to coordinate their activities. In this particular case, both the SDA and the subcontractor are accountable for the subcontractor's recent poor performance.

This example shows how to use the guidelines for examining coordination between the SDA and a single agency. For a comprehensive assessment of SDA-subcontractor relations, the guidelines must be applied to each of SDA's major subcontractors.

CONCLUSION

The material presented in this chapter and the previous one (on the Work Component) reinforce how important staff skills are to the success of the SDA. The work component relies on staff skills for effective services. The coordination component relies (in part) on staff skills for efficient service delivery (that is, the proper coordination of activity). Without a skilled, quality staff, performance is bound to suffer. This underscores the critical importance of personnel decisions, or who is hired in the organization. Hiring and retaining qualified staff is a key ingredient to running a successful program. And one study of CETA found that attracting and retaining competent and dedicated staff was directly related to the strength of leadership and having a well-defined sense of mission. [9] So, now we see how parts of the organization are interrelated: strong governance (leadership) results in a well-defined mission, which in turn attracts quality staff for the work and coordination components, which in the end results in the achievement of the organization's goals and performance standards.

CHAPTER 6
HOW TO EXAMINE THE SOCIAL COMPONENT

The Relationship of the Social Component to the Other Components in the Conversion Process

Staff Satisfaction: The Twin Issues of Staff Turnover and Retention

Employer Satisfaction: Guidelines for Examining Employer Satisfaction in the SDA or Subcontractor

Participant Satisfaction: Background Issues and Guidelines for Examining Participant Satisfaction with Your Organization

JTPA Connection: Participant and Employer Satisfaction with the Matching Process

Values and Leadership as Sources of Conflict in the SDA

Discussion of Major Issues in the Social Component

CHAPTER 6. HOW TO EXAMINE THE SOCIAL COMPONENT

Unlike the previous three components, the social component has neither WITHIN nor BETWEEN conditions. Instead, as described in Chapter 1, this component captures the social consequences of coordinating work to achieve the organization's mission. That is, in the day-to-day activity of the organization, strain, tensions, and conflicts inevitably occur among the members of the organization. Where severe, these conditions can undermine the organization's effectiveness and efficiency and possibly threaten its survival over the long-run.

In this chapter our aim is to examine social conditions in the organization, which can be either the SDA or the subcontractor. First, guidelines are presented for examining staff, employer and participant satisfaction in the organization or service delivery area. Second, simple methods are presented for examining participant and employer satisfaction with the JTPA connection. In principle, the mission work and coordination components probably have few adverse consequences if most employers and participants are satisfied with how the connection is working.

Finally, a brief discussion of values and leadership in the organization is presented. As in the previous chapters, we will apply these guidelines to our example SDA problem.

STAFF SATISFACTION

In examining staff satisfaction, we are mainly concerned with the twin issues of staff retention and turnover. Knowing the importance of its staff, an organization may concentrate on minimizing staff turnover. This would be a mistake for two reasons. [8] First, there is only a loose connection between staff satisfaction and turnover. Some dissatisfied employees never leave for a variety of reasons (e.g., a tight job market, financial responsibilities, etc.). Second, the reasons why staff stay are equally or more important for the organization that seeks to maintain a motivated and productive workforce.

The main reason employees stay is inertia; employees tend to stay until some force causes them to leave. What factors affect this inertia? There are two relevant factors inside the organization and also two factors outside the organization.

First, within the organization, there is the issue of job satisfaction. Second, there is the "organizational environment" and the degree of comfort an individual feels within it. The more an employee's work ethic is compatible with the values for which the organization stands, the more likely the employee will stay. For example, in organizations oriented around the needs of employers, staff dedicated to training the hard-to-serve may eventually decide to leave the agency.

Performance standards are perhaps the most important source of stress (and, hence, potential dissatisfaction) among SDA and subcontractor staff. For SDA staff, operating the performance control system can be highly stressful. There are no hard and fast rules on when compliance is

needed and when technical assistance might be more appropriate. It is more of an art than a science. So, contract staff may have personal conflicts about what to do in specific situations. For subcontractor staff, performance standards exert pressures on staff to move participants into jobs as quickly as possible. Yet, these same staff are often dedicated to helping participants with their employment and training problems. These two forces run counter to each other, and the disparity between the two may result in high levels of staff dissatisfaction and turnover.

Outside the organization (either SDA or subcontractor), there is the employee's perceived job opportunities, plus nonwork factors, such as family ties, friendships, community relations and financial responsibilities.

These considerations yield four profiles of staff that are useful in thinking about the twin problems of employee retention and turnover. These are as follows.

- The turn-overs: those who are dissatisfied with their jobs, have few environmental pressures to keep them in the SDA, and will leave at the first opportunity.

- The turn-offs: employees who are highly dissatisfied with their jobs but stay mainly for environmental reasons. These can generate employee relations and productivity problems.

- The turn-ons: staff who are highly motivated and remain with the SDA almost exclusively because they enjoy their work. They really want to stay and are not locked in by the outside environment. However, if managerial actions reduce job satisfaction, turnover may rise in this group.

- The turn-on plus: those most likely to stay with SDA over the long-run. They stay for job satisfaction plus social and personal reasons. So, if job satisfaction temporarily declines, they will probably stay. But if satisfaction drops permanently these employees may become turn-offs, increasing frustration and reducing productivity.

In summary, people leave and stay with SDAs (and subcontractors as well) for complex reasons, and these reasons often vary by position, amount of training and other factors. Finding out why people leave the SDA will continue to be important for assessing job satisfaction. But if the SDA is interested in retaining quality staff (which are vital for a well-run organization), equal emphasis should be placed on managing retention of those one wishes to retain. This means discovering the reasons why motivated employees stay with the SDA and then reinforcing these reasons during day-to-day management. This ultimately means that manipulative and conformist philosophies of management may contribute little to staff retention. Instead, management is needed that respects and reinforces staff abilities, values and interests--as these vary across positions.

Because SDA staffs are usually small (relative to CETA), management may be in a better position to nurture a satisfying working environment by maintaining close staff-management relations and open communication.

EMPLOYER SATISFACTION

Assessing the extent of employer satisfaction with the JTPA program seems critical. Dissatisfied employers may not participate again (causing a loss of future slots), and they may influence other employers not to participate or to boycott the SDA. Here, our interest is to present guidelines for evaluating the extent of employer satisfaction either for the SDA as a whole or for a particular subcontractor.

Employers should be asked detailed questions about the program to determine their satisfaction levels. These questions generally fall into two categories: (1) questions about JTPA services and programs as a whole; and (2) questions about the employer's satisfaction with a specific participant following placement. The first category may be asked periodically, say once a year, of employers participating in the program. The questions below are representative of the category. SDAs or subcontractors may wish to modify these to conform with their own needs and requirements.

EXHIBIT 12
SAMPLE EMPLOYER QUESTIONNAIRE

Q-1 In general, considering all your contacts with the SDA and all the participants you have hired, how satisfied do you feel with the SDA? (Circle the number of your answer.)

1 EXTREMELY DISSATISFIED
2 SOMEWHAT DISSATISFIED
3 NEITHER SATISFIED NOR DISSATISFIED
4 SOMEWHAT SATISFIED
5 EXTREMELY SATISFIED

Q-2 If you have a question about our programs or someone you hired, do you know who to contact in our agency?

1 YES
2 NO
3 NOT SURE

Q-3 Listed below are some items describing our employer services. For each item, please indicate if you are SATISFIED, DISSATISFIED, or NOT SURE.

		CIRCLE YOUR ANSWER			
ITEM		VERY SATISFIED	SOMEWHAT SATISFIED	SOMEWHAT DIS-SATISFIED	VERY DIS-SATISFIED
A.	Amount of paperwork required	V-S	S-S	S-D	V-D
B.	Amount of time to fill job(s)	V-S	S-S	S-D	V-D
C.	Dealings with SDA staff	V-S	S-S	S-D	V-D
D.	Dealings with subcontractor staff	V-S	S-S	S-D	V-D
E.	Applicants referred by program	V-S	S-S	S-D	V-D
F.	Information describing program	V-S	S-S	S-D	V-D
G.	Number of contacts with staff	V-S	S-S	S-D	V-D
H.	Timely reimbursement of wages (if applicable)	V-S	S-S	S-D	V-D

Q-4 Can you think of any other services that might help you and other employers in our programs?

1 NO
2 YES ——→

(If YES, please describe): _____

_____

_____

Q-5 Are staff attentive to the particular employment and training needs of your business?

1 ALWAYS
2 SOMETIMES
3 NEVER

Q-6 Based on your past experience, how likely do you think your business will hire another applicant from our program in the future?

1 VERY LIKELY
2 SOMEWHAT LIKELY
3 SOMEWHAT UNLIKELY
4 VERY UNLIKELY

The second category consists of questions about the employer's satisfaction with a specific participant following placement (or in an OJT program). To minimize paperwork, these questions should be few in number. The following list is representative and may be modified to suit your SDA's circumstances. [28] For example, in a competency-based system, the list of traits in Question 3 (below) may be identical to the indicators used to measure participant competencies.

Q-1 Does the employee still work for you?

1 NO ——→ STOP
2 YES

Q-2 In general, how satisfied are you with the employee? (Circle the number of your response.)

1 VERY SATISFIED
2 SOMEWHAT SATISFIED
3 SOMEWHAT DISSATISFIED
4 VERY DISSATISFIED

Q-3 Following is a list of employee traits. For each trait, please indicate if you are VERY SATISFIED, SOMEWHAT SATISFIED, SOMEWHAT DISSATISFIED, or VERY DISSATISFIED with the employee.

TRAITS	(Circle your answer) VERY SATISFIED	SOMEWHAT SATISFIED	SOMEWHAT DIS-SATISFIED	VERY DIS-SATISFIED
A. Works well with hands	V-S	S-S	S-D	V-D
B. Neat, attractive appearance	V-S	S-S	S-D	V-D
C. Always on time for work	V-S	S-S	S-D	V-D
D. Willing to do extra work	V-S	S-S	S-D	V-D
E. Willing and able to follow orders	V-S	S-S	S-D	V-D
F. Works well without waiting for instruction	V-S	S-S	S-D	V-D
G. Easy for others to get along with	V-S	S-S	S-D	V-D
H. Intelligent	V-S	S-S	S-D	V-D
I. Enthusiastic	V-S	S-S	S-D	V-D
J. Honest and trustworthy	V-S	S-S	S-D	V-D
K. Able to work fast	V-S	S-S	S-D	V-D

If your MIS contains a master file of employers and descriptive characteristics (such as number of employees, type of firm, etc.), several types of analyses may be performed with these data. For questions about the SDA's programs, frequency distributions of the responses from all employers may be computed to provide an overall response profile for the SDA. Separate distributions may be generated for different categories of employers, such as retail, manufacturing, professional, etc., to determine whether satisfaction levels vary across categories. The data may also be examined by the services employers received. For example, satisfaction levels of OJT employers may be compared with levels among employers receiving only placement services.

If these comparisons show that most groups of employers are satisfied with the SDA's programs, it would suggest that quality is consistently high across programs. If differences are detected, however, it may indicate that not all employers are satisfied with the program. By isolating program areas where employers are dissatisfied, SDA (sub-contractor) staff may target their efforts to improve program quality in

these areas. Regularly monitoring employer satisfaction over time is one way of checking whether such improvements have increased satisfaction levels. Given that most SDAs operate programs oriented around employer needs, this feedback information is helpful in maintaining employer interest and participation in JTPA over the years.

PARTICIPANT SATISFACTION

In general, participant satisfaction reflects the quality of services in the SDA. Other things being equal, we might expect satisfaction to increase as the quality of services goes up. Unfortunately, this is difficult to discover in practice. If you ask the average American whether he or she is satisfied with something, the typical answer is "YES." While this might be a comforting response, it does not tell you very much. Maybe it tells you that you are doing something right, but it does not help you improve the quality of your services. Only by becoming more detailed--by asking participants, employees, and staff about specific aspects of the program--can the good and bad parts of the program be identified.

A previous study of participant satisfaction and dropout rates in CETA classroom training programs illustrates these points. [29] On a general level, most persons were highly satisfied with participation in CETA. Further questioning revealed that the training they received was key in determining satisfaction. More detailed questions indicated that the following, specific aspects of the training program had an important influence on participant satisfaction (listed in order of importance):

- Programs which seem like being on a job.
- Instructors who emphasize student's ability to do independent work.
- Being evaluated positively by instructor.
- Not having a problem with the instructor left unresolved.
- Talking with the instructor frequently.
- Frequent instructor feedback.
- Having training plan discussed upon entry to school.

The striking feature of this list is the important role that instructors play in shaping participant satisfaction. These findings underscore the importance of personnel decisions--obtaining and retaining competent, dedicated staff necessary for providing quality services to participants--in running successful programs.

Does this mean that only dissatisfied participants drop out of the program? Findings from the study reveal that CETA participants who drop out are considerably less satisfied with their classroom training programs than those who complete them. Yet, among those who were extremely dissatisfied with their program, more than half "stuck it out" and completed the program. Thus, low satisfaction with training does not

always result in dropping out. In fact, only a moderate number of participants dropped out because of dissatisfaction. The table below shows the main reasons for dropping out of training:

EXHIBIT 13

MAIN REASONS GIVEN FOR DROPPING OUT
OF CLASSROOM TRAINING

REASON	PERCENT
Financial Problem	24.6
Received Job Offer	24.0
Changed Vocational Goals	10.3
Expelled from School	9.7
Bored With Training	8.0
Family Change	8.0
Health Problems	8.0
Behind in School Work	6.9
Legal Problems	1.1

The table indicates that personal factors--not the program--are the main reasons for dropping out. Other data show that a substantial number of dropouts leave the program quite satisfied.

In summary, these findings indicate satisfaction is a useful way of capturing participants' views about the quality of a program. However, satisfaction is not related to whether a participant completes the program. Knowing a program's dropout rate may say very little about how satisfied participants are about the program.

GUIDELINES

In this section detailed questions are presented to determine whether the participant is satisfied with specific services he or she received along the pathway, from entry to exit (or point of dropout).

Questions are provided on the next pages for illustration. [14] Because services differ from one SDA to another, the questions should be modified to correspond with the services and programs along the pathway in your SDA. For example, the list of services in Question 2 may be expanded to match the menu of services offered to participants in your SDA (or contract organization), or questions for specific services (e.g., instructor evaluations for classroom training) may be added.

These questions are intended to be asked when the applicant or participant drops out or terminates from the program. Depending on the reading and writing skills of participants in your SDA, the questions may be completed by the participant or asked by staff over the telephone or in an "exit interview."

Who should answer these questions? If the questions were given to only a small (randomly chosen) sample of clients, the responses would indicate overall satisfaction levels across all participants. However, because of the small number of clients completing the questionnaire, you could not determine, for example, how satisfied clients in a specific target group were, or how satisfied clients at a given subcontractor were. Therefore, all clients should, ideally, answer these questions. Then data would be present to compare satisfaction levels across specific client groups, such as target groups, the type of training received (OJT, institutional training, etc.), service provider (subcontractor), or for clients having single vs. multiple component training plans.

Why should an SDA be interested in performing such analyses? Mainly because SDAs--even those with excellent overall performance records--often have problems placing specific kinds of participants. For these individuals, answers to the questions would provide useful feedback information for pinpointing problems in the pathway causing poor performance. Another reason is that SDAs and contractors are often interested in maintaining and improving the quality of their services. Answers to the questions may also be used to target staff efforts at improving those services with consistently low satisfaction levels across most client groups. In short, through their mission and work components, SDAs and subcontractors devote much effort to planning effective employment and training services. Sometimes services are implemented as planned; sometimes not. Obtaining feedback on participant satisfaction is a useful cross-check on the organization's implementation success.

How should an SDA or subcontractor analyze these data? The previous questions have two kinds of responses, circled (multiple choice) responses and text (such as reasons for participant dissatisfaction). The circled responses may be added to the participant's data in the MIS. Statistical software may be used to produce tables, correlations, and other analyses for a variety of client groups as specified by the analyst. For example, separate frequency distributions for the questions could be developed for participants in each training program. The text responses must be methodically reviewed and summarized by hand. The aim here is to determine the major reasons why participants are dissatisfied with a service, and to use this information to make service improvements, or to develop new, innovative ones.

The satisfaction data can also be related to such factors as job retention and earnings, asking the question, "Do satisfied placements earn more and retain employment longer than dissatisfied ones?" Simple correlation or cross-tab tables may be used to perform this task.

EXHIBIT 14
SAMPLE PARTICIPANT SATISFACTION QUESTIONS

Q-1 In general, how satisfied do you feel with the SDA? (Circle the number of your answer.)

1 EXTREMELY DISSATISFIED
2 SOMEWHAT DISSATISFIED
3 NEITHER SATISFIED NOR DISSATISFIED
4 SOMEWHAT SATISFIED
5 EXTREMELY SATISFIED

Q-2 Here is a list of services that you may have received at the SDA. How satisfied have you been with each service?

	CIRCLE YOUR ANSWER				
SERVICE	VERY SATISFIED	SOMEWHAT SATISFIED	SOMEWHAT DIS-SATISFIED	VERY DIS-SATISFIED	DID NOT GET
A. Application interview	V-S	S-S	S-D	V-D	DNG
B. Job market information you received	V-S	S-S	S-D	V-D	DNG
C. Developing your training plan	V-S	S-S	S-D	V-D	DNG
D. Training	V-S	S-S	S-D	V-D	DNG
E. Placement services	V-S	S-S	S-D	V-D	DNG
F. Support services	V-S	S-S	S-D	V-D	DNG

Q-3 Were there any services that you wanted or expected but did not get?

1 NO
2 YES →

(If YES) What were they?

_____

_____

_____

Q-4 About how many times have you met with staff in-person, face-to-face, since you filled-out an application form?

1 NONE
2 ONCE
3 TWO TO FIVE TIMES
4 SIX TO TEN TIMES
5 OVER TEN TIMES

Q-5 How many times have you talked on the telephone with our staff since we first interviewed you?

1 NONE
2 ONCE
3 TWO TO FIVE TIMES
4 SIX TO TEN TIMES
5 OVER TEN TIMES

Q-6 How satisfied were you with <u>how fast</u> you got service after you applied for them?

1 VERY SATISFIED
2 SOMEWHAT SATISFIED
3 SOMEWHAT DISSATISFIED
4 VERY DISSATIFIED

Q-7 How satisfied are you with our staff?

1 VERY SATISFIED
2 SOMEWHAT SATISFIED
3 SOMEWHAT DISSATISFIED →
4 VERY DISSATIFIED

(If dissatisfied) How can our staff improve?

_____

_____

_____

Q-8 How satisfied are you with the location of our office?

1 VERY SATISFIED
2 SOMEWHAT SATISFIED
3 SOMEWHAT DISSATISFIED
4 VERY DISSATISFIED

(If DISSATISFIED) Please list the major reasons you are dissatisfied with the office's location.

_____

_____

Q-9 How easy or difficult has it been to get in touch with our staff when <u>you</u> needed to talk with them or see them?

1 NEVER TRIED TO CONTACT STAFF
2 VERY EASY
3 SOMEWHAT EASY
4 SOMEWHAT DIFFICULT
5 VERY DIFFICULT

(If DIFFICULT) Please describe the difficulties you had trying to contact staff.

_____

_____

Q-10 Are you employed?

1 NO ——————→ GO TO BOTTOM OF PAGE
2 YES

Q-11 Did the services you receive help you find a job?

1 VERY HELPFUL
2 SOMEWHAT HELPFUL
3 NOT HELPFUL AT ALL

Q-12 How satisfied are you with your job?

1 VERY SATISFIED
2 SOMEWHAT SATISFIED
3 SOMEWHAT DISSATISFIED
4 VERY DISSATISFIED

(If DISSATISFIED) Please list things about your job that you don't like.

_____

_____

Thank you for completing our questionnaire! (Note: These questions may be asked at an exit interview, in a telephone interview, or a mail survey.)

THE JTPA CONNECTION

The ultimate aim of JTPA services is to match employers with participants in the labor market. When examined separately as discussed earlier, employers and participants may be satisfied with services leading up to the placement. But substantial dissatisfaction and low job retention rates may arise if participants are improperly matched with employers--a possible event, given the highly discretionary nature of the matching process.

Satisfaction with the matching process is determined by categorizing placements as shown in Exhibit 15. For participants, Q-12 may be used as a general measure of overall satisfaction-dissatisfaction with the matching process. For employers, use Question 1. The JTPA connection is working at its best when most participants are placed, and when most placements fall into Cell A.

EXHIBIT 15

EMPLOYER-PARTICIPANT COMBINATIONS

		PARTICIPANT	
		SATISFIED	NOT SATISFIED
EMPLOYER	SATISFIED	A	B
	NOT SATISFIED	C	D

If most placements fall into Cells B, C, or D, the matching process is not working well. Further analysis is needed to determine the reasons why. These analyses are often exploratory but should center on answering the following questions:

- There are many types of placements, OJT, JSA, Job Development, etc. Is the pattern of employer/participant dissatisfaction the same for all types?

- For placements with dissatisfied participants and/or employers, examine their responses to the other satisfaction questions. Are employers generally satisfied with participant traits? What are the major things that participants do not like about their job?

Answers to these questions should identify those services/programs having the most employer and participant dissatisfaction with the matching process. Once targeted, the SDA's (or subcontractor's) program designers are in an informed position to make changes that may correct the situation.

VALUES AND LEADERSHIP

Before concluding this chapter, a final source of potential conflict in the SDA and subcontractor is considered--value conflicts among the SDA's leadership. JTPA is a partnership between the private sector and local government. We might expect private-sector dominated SDAs to favor serving the labor market, while SDAs dominated by local governments to favor the hard-to-serve. This has not been the case. [35] Both tend to have programs oriented to the needs of local labor markets. Yet, conflicts in the partnership may arise over this and other issues. One focus of the social component, therefore, is determining whether the partnership is typified by consensus or controversy. Keep in mind, however, that conflict is not necessarily bad. It is natural for PICs and local governments to disagree at times, and conflict is often the only way of resolving these disagreements. The point here is to understand these conflicts as they affect SDA achievement of goals and performance standards.

A second leadership issue is PIC turnover rates. Quality programs are likely to emerge when SDA leadership remains fairly stable across years. However, turnover and low attendance among PIC members is common. [35] These problems are mainly the result of excessive time commitments and state reporting and monitoring requirements. If this pattern continues to persist in SDAs, continuity in leadership (and, hence, the values and mission of the SDA) may deteriorate, and the quality of programs may decline.

DISCUSSION

In performing assessments of staff, employer, and participant, satisfaction, several factors should be kept in mind. First, SDAs subcontractors may operate pathways designed to create a certain amount of dissatisfaction among participants. This is because SDAs typically have insufficient resources to serve all eligible applicants. Intake is characterized by waiting lists, attendance requirements, homework assignments and other sorting mechanisms to separate the less motivated from the highly motivated, the job-ready from the unskilled, and so forth. These sorting mechanisms can create certain amounts of dissatisfaction among enrollees. Therefore, the proportion of highly satisfied participants in an SDA may be relatively small.

Second, SDAs operate in a variety of economic environments. Some are typified by growth and low unemployment, while others are just the opposite. In the latter case, participants may have a difficult time finding employment and, consequently, have relatively low levels of satisfaction with services. Although staff work to improve the quality of services, their efforts may have little effect on participant satisfaction because of local economic constraints. In short, economic, political, and social conditions in the environment may impose real limits on staff abilities to improve either participant or employer satisfaction.

Third, depending on their goals, SDAs may be able to maximize either participant or employer satisfaction, but maximizing both might be difficult. In most SDAs, services are oriented around local labor market

and employer needs. PICs (or other employer advisory group) define participant skills needed for successful performance in the job market. Participant services teach skills that meet the requirements of employers. In other words, employers, or the gatekeepers who control entry into the labor market, set the standards for employment, and participants are expected to conform with these standards (if they ever hope to find a job). The focus is on the participant's "short comings," and the need to "repackage" him or herself to be more "competitive." Under this mission, we might expect employers to have high levels of satisfaction as services are oriented around their interests. Participants, who must conform with these interests, might have relatively lower levels of satisfaction.

In terms of our SDA-subcontractor problem, we find that shortly after the SDA increased its compliance efforts, so did the level of dissatisfaction among subcontractor staff. This increase was sufficient to cause a 25 percent turnover in staff counselors. The subcontractor's performance declined with the introduction of replacement staff, who--just like their predecessors--were soon experiencing dissatisfaction with their new jobs.

CHAPTER 7
HOW TO INTERPRET YOUR FINDINGS

Overview of the Chapter
Step 1: Collect Findings from Previous Chapters
Step 2: Determine the Causes of the Problem
Step 3: Design a Solution to the Problem
Step 4: Distribute Your Findings

CHAPTER 7. HOW TO INTERPRET YOUR FINDINGS

Let us begin by briefly reviewing where we are in the process evaluation. In Chapter 1 an SDA-subcontractor problem was described and a process evaluation was launched to discover the causes of the problem and find a solution. An organizational systems model, described in Chapters 1 and 2, was used to conduct the process evaluation. In Chapters 3 through 6 guidelines were presented for examining the mission, work, coordination and social components of the model's conversion process. These guidelines were applied to the problem introduced in Chapter 1, and each component had its own set of findings.

In this chapter, the major findings from all four components are summarized and inserted into an exhibit. (See Exhibit 16.) By comparing the findings across the four components, we will be able to define the causes of the SDA-subcontractor problem and propose a workable solution(s). Guidelines are presented illustrating how to perform these comparisons. Thus, the focus of this chapter is DESIGN--changing the parts of the organization to achieve a proper fit and thereby increase its effectiveness and efficiency.

STEP 1: COLLECT FINDINGS

The first task is simply to collect the major findings from Chapters 3 through 6 and insert them into a table. Because our examinations of each component probably uncovered truckloads of information, it is critical that only the major conclusions be inserted into the table. This is done not only because of limits on the table's size, but also because it will help us compare and interrelate the findings across components in later steps. Exhibit 16, which summarizes the previous findings for our SDA-subcontractor problem, is presented on the next page.

EXHIBIT 16

SUMMARY OF MAJOR FINDINGS

COMPONENT	WITHIN CONDITION	BETWEEN CONDITION
MISSION	Satisfied in part but revenue, allocative and treatment decisions, and performance standards are inconsistent with goals. Performance standards dominate goals.	Satisfied in part; goals and access decisions are consistent with local conditions. Performance standards and revenue, allocative and treatment decisions are consistent with each other but are inconsistent with local conditions.
WORK	Satisfied; steps in the SDA's competency-based system are carefully interrelated with each other.	Satisfied; work component is consistent with mission component's goal to provide conprehensive services. However, dominance of performance standards in mission component forces SDA to rely on intake screening mechanisms to sort out less motivated applicants. Service creaming occurs periodically.
COORDINATION	Satisfied in part. Although the mission and work components have mechanisms to coordinate their respective activities, the JTPA connection is not working properly.	The first condition is satisfied; mechanisms exist to coordinate activity in the work component with activity in the mission component. The second condition is not satisfied; few mechanisms exist to coordinate the SDA's activity with the subcontractor's activity in three areas: (1) pigeonholing process; (2) SDA-subcontractor referrals; and (3) participant progress through ITPs.
SOCIAL	Social consequences of above findings are substantial. High levels of dissatisfaction exist among subcontractor staff with 25 percent turn-over rates.	

STEP 2: DETERMINE THE CAUSES OF THE PROBLEM

The next task is to examine the findings in Exhibit 16 to determine the causes of the SDA-subcontractor problem. This is performed using the two conditions that organizations must satisfy to operate well (as described in Chapter 2):

(1) All four components must be involved in the conversion process.

(2) A proper fit must exist among the four components. Proper fit is achieved when the following conditions are met:

    a. The environment and the SDA's mission component must be consistent with each other.

    b. The four components of the conversion process must be consistent with each other.

FIRST CONDITION: INVOLVEMENT IN THE CONVERSION PROCESS

Let us begin with first condition above. Here, our task is to review each component, one-by-one, and determine whether it is involved in the conversion process.

MISSION COMPONENT. The review begins with the mission component. We find that the mission component is clearly involved in the conversion process. That is, the SDA has well-defined goals and access, treatment and allocation decisions, as well as a fully-developed performance control system. These state the purpose, or mission, of the organization, giving it direction.

On the other hand, if an organization's goals were either missing or poorly defined, it would be adrift without a clear sense of purpose and direction. In this case, we would conclude that the mission component was not involved in conversion process. This would be a major problem in most organizations (with stable environments).

Corrective actions would consist of an intensive planning effort to establish the component's elements in the conversion process.

WORK COMPONENT. For the most part, the work component is also an integral part of the conversion process. The exception occurs in service creaming, or when a participant receives a less costly service than the one prescribed in the ITP. However, as the work component's BETWEEN condition indicates (in Exhibit 16), this fault is caused mainly by performance standards, which dominate the mission component.

How can you tell when the work component is not involved in the conversion process? Normally, this generally occurs when few applicants are enrolled, or when applicants are enrolled but actually receive few (if any) services. In essence, it indicates that the organization lacks means of accomplishing its goals.

COORDINATION COMPONENT. This component is not fully involved, as indicated by (1) the lack of SDA-subcontractor coordination mechanisms in several areas; and (2) problems in matching employers and participants.

SOCIAL COMPONENT. Here, the question is not so much whether the social component is "involved" in the organization, but whether the other components have caused tension and conflicts that threaten the organization's survival. These issues will be examined later in the second condition (Part B).

CONCLUSIONS. Our review of Exhibit 15 findings reveals that the first condition is not satisfied for the coordination component, and that the coordination component is a major cause of the SDA-subcontractor problem.

SECOND CONDITION: PROPER FIT

PART A. To determine whether the environment and the SDA's mission are consistent, we must examine the first row of Exhibit 15. On the one hand, the SDA's goals and access decisions are consistent with each other and local conditions. On the other hand, performance standards dominate over the SDA's goals and access decisions, with revenue, treatment, and allocative decisions being consistent with the standards. Thus, the mission component is inconsistent with its environment, and this condition is not satisfied. The implications here are that while the SDA will likely achieve its performance standards, it will probably not achieve its goals.

This inconsistency contributes to the SDA-subcontractor problem in an indirect way. Because performance standards dominate the mission component, the SDA places heavy emphasis on its performance control system and compliance efforts. This, in turn, only aggravates the coordination problem.

PART B. Organizations satisfy this condition when their work, coordination, and social components are consistent with each other and with the mission component. This is done by comparing each component with all the others. For the most part, this condition is not satisfied for the following reasons.

First, and most importantly, the mission component calls for SDA provision of intake services and subcontractor provision of training and employment services. No mechanisms exist in the coordination component to carry out this charge. Further, no workable mechanisms exist in the coordination component to achieve the SDA's second goal of client-employer matching. In short, the mission and coordination components are inconsistent. And because the mission component largely determines the shape of service delivery in the work component, the coordination and work components are also inconsistent with each other.

Second, as explained in Chapter 5, the work component is consistent with the mission component but in a curious way. The work component's competency-based system is consistent with the SDA's goal of comprehensive services. However, the dominance of performance standards in the mission component push the SDA and subcontractor toward short-term, single service programs and service creaming. In other words, the work

component is being pulled in opposite directions by the goal-performance standard inconsistency. The major consequences here are (1) increased conflict, stress and staff turnover in the social component, and, as mentioned earlier, (2) SDA goals may not be achieved.

In short, a proper fit has not been achieved among the mission, work and coordination components. This, in turn, has caused severe levels of tension and dissatisfaction among subcontractor staff, has produced SDA-subcontractor conflicts, and has threatened the very survival of the subcontractor. Specifically, the following adverse social consequences are occurring:

- MISSION COMPONENT: The dominance of performance standards results in increased SDA compliance, which subcontractor staff view as unjustified harassment (that does not solve their problems).

- WORK COMPONENT: Staff stress is caused as the organization is pulled in opposite directions. On the one hand, staff prefer helping participants overcome their individual employment problems through comprehensive service plans, but the dominance of performance standards pushes staff to assign short-term, one-shot services.

- COORDINATION COMPONENT: No matter how hard SDA and subcontractor staff work, the subcontractor's problems do not improve because few coordination links exist between the agencies. This causes staff frustration and dissatisfaction.

- SOCIAL COMPONENT: As a consequence of all of the above, the subcontractor experiences high levels of staff turnover. Newly hired staff soon become dissatisfied with their work.

CONCLUSIONS

Pulling together the evidence presented in this step, we find the following causes of the SDA-subcontractor problem:

1. The coordination component is not involved fully in the conversion process.

2. The coordination component is inconsistent with the mission component.

3. The elements of the mission component (mainly goals and performance standards) are inconsistent with each other.

4. As a consequence (of Number 3) the work component is being pulled in opposite directions.

5. All of the above have produced a severe level of stress, tension, and conflict in the social component.

STEP 3: DESIGN A SOLUTION TO THE PROBLEM

The next task is to design a solution to the organization's problems. 19/ This is accomplished by changing the mission, work and coordination components so that the two conditions described in Step 2 are satisfied. For our SDA-subcontractor problem, these changes in the conversion process must address and nullify the five causes listed above. The following changes are recommended:

- COORDINATION COMPONENT. The most critical solution is to involve the coordination component in the conversion process. That is, now that the SDA has well-defined mission and work components, it should shift its focus to inter-agency coordination issues. Following extensive meetings between the SDA and subcontractor, the following actions were taken to improve SDA-subcontractor coordination. These resolve the first and second causes of the problem and partly eliminate the fifth cause.

  1. As a requirement for all contracts, the subcontractor must provide services consistent with the SDA's competency-based system (i.e., achieving coordination through standardization of skills across agencies). This greatly reduces subcontractor complaints about referred participants.

  2. Given a knowledge of the competency-based system, the subcontractor is responsible for monitoring the participant's progress through training, and providing this information to SDA intake staff.

  3. SDA intake staff become responsible for placement and follow-up services. This allows one set of staff to know both participant and employer needs, resulting in better, more compatible participant-employer matches.

  4. Each participant's sequence of services in the ITP is newly stored in the MIS. When it is time for a participant to start a new service in the sequence, the MIS prompts both the appropriate intake and sub-contractor staff members that a referral should occur shortly. This reduces the number of participants who fall through the wide-open cracks in the system. The ultimate effect of these changes is increased efficiency and improved SDA-staff relations.

19/ It is beyond the scope of this guide to describe all possible solutions to all possible problems that an SDA or subcontractor may experience. Hopefully, the guidelines presented here are sufficient for handling your specific case.

- MISSION AND WORK COMPONENTS. The third and fourth causes of the problem concern the mission component and its effects on the work component. If the inconsistencies in the mission component can be eliminated or reduced, problems in the work component may also disappear. The key issue here is the lack of consistency between the SDA's goals and performance standards. There are several ways of making the SDA's goals and performance standards consistent with each other, such as:

  1. Change the SDA's goals so they reflect the performance standards. In our case, however, this should not be done because the goals would then be inconsistent with local conditions.

  2. Reduce the SDA's performance standards so they reflect the goals. This makes sense, because the SDA could allocate more resources toward fewer participants, making comprehensive services possible.

  3. Increase the SDA's revenues. If the SDA had more resources, it could provide comprehensive services to clients and still meet performance standards.

In our case, both Number 2 and Number 3 were implemented. The state, after reviewing the results from the SDA's process evaluation, lowered its performance standards and also provided additional six percent funds to handle the situation. In addition, the SDA boosted the sub-contractor's revenues through a re-allocation of its own funds.

Finally, as a consequence of these actions, SDA-subcontractor relations improved greatly, and stress, tension and conflicts were reduced.

STEP 4: DISTRIBUTE YOUR FINDINGS

Many SDAs may be reluctant to share the results of their process evaluations. There may be fears that information collected during the evaluation might hurt the agency in some way in the future. While these feelings can be understood, there are good reasons for sharing your results with others throughout all levels of JTPA. The most important reason is that, in many ways, SDAs are islands. A manager of an east-coast SDA, for example, might have solved a problem that is just emerging in a west-coast SDA. If the west-coast SDA knew about the other SDA's experience, the amount of effort required to solve the problem could be reduced greatly. And the aggravation of "continually re-inventing the wheel" would disappear. Therefore, SDAs are encouraged to share their findings with other SDAs in their respective states as well as across the country.

Congress should also be interested in these findings for two reasons. First, SDAs with very different goals, performance standards, and participants can be compared to determine whether "returns on investment" are similar or vary across SDAs. Each SDA's return on investment can be determined by calculating cost-benefit and cost-effectiveness ratios. 20/ One SDA, for example, might spend a little money on a lot of people, and

its net gains per placement may be small. Another SDA may train less people more intensively; the returns to each person may be large. In each case the cost-benefit ratio could be the same and each program could represent reasonable approaches. However, if creaming is rampant, some of the returns of the low-cost, quick placement strategy are due simply to the characteristics of the participants, not the services they received.

Second, with over 500 SDAs nationwide, it is unlikely that JTPA will succeed in all places. By collecting SDA process evaluations from several sites, Congress could pinpoint and understand the conditions associated with program success and failure. Specifically, as described in Chapter 1, programs generally fail because of two main reasons: (1) the implementation strategy may not work in the field, or (2) the program's services may not work as intended. In reviewing the achievements of JTPA, Congress could draw from SDA process evaluations to determine how these two factors influenced program outcomes. The studies would also help Congress evaluate whether its own, underlying assumptions were, in fact, correct. In the end, the studies would probably indicate that substantial program variation exists across SDAs, making simple blanket endorsements ("it works") and wholesale rejections ("it doesn't work") less appropriate and meaningful. At best, such results could assist Congress in improving the design of employment and training programs in the future.

20/ These techniques are described in Volume VII Issues in Evaluating Costs and Benefits.

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APPENDIX A
JTPA IMPLEMENTATION STRATEGY

To understand JTPA's implementation strategy, we need to understand why Congress designed JTPA the way it did, and how Congress expected JTPA to work. That is, why did Congress believe that a public-private partnership was important? Why were performance standards established? Why the emphasis on training and related services? Why the allocation of 40 percent of the funds for youth and 70 percent of adult funds for training? And, why the state coordination and labor market information role in the program?

A review of JTPA's legislative history indicates that, as CETA neared expiration, the House, Senate and the President proposed separate employment and training bills to replace the CETA program. JTPA emerged as compromise legislation from the competing interests of these and other groups. In many ways, then, JTPA represents the collective wisdom of lawmakers at this point in history. Whether Congress and the President were correct remains to be seen. But answers to these and other questions may provide important clues regarding Congressional intent and also serve as benchmarks for interpreting findings in SDA process evaluations.

Why a partnership? Congress felt that under CETA, training was not linked sufficiently to real, long-term jobs in the private sector. Training occurred for jobs that did not exist. This perceived deficiency was due, in large part, to insufficient private sector participation in the development of job training programs. Bi-partisan support existed for an enlarged Private Industry Council (PIC) role under JTPA compared to CETA to attract business leaders to the program. Ideally, PIC business members would have more accurate insights into training and labor force needs in a local labor market--would have a finger on the pulse of the business community--in ways that Prime Sponsors alone could not. It was also hoped that PIC business members would offer training slots in their own businesses and, through their influence, help develop training slots in other companies. The chief role of the public sector in the partnership was to assure accountability for expenditures of public funds. [1,3] In short, private sector participation on PICs would make the JTPA connection work.

Why Performance Standards? The chief reason for performance standards was to assure accountability and efficient use of funds. [1-5] Congress intended that the performance standards evaluate not only achievement of outcomes but also relative gains made by participants in reaching outcomes. Real concern existed that the performance standards might pressure service providers to "cream," for it was "...not the intention of this act to encourage (SDAs) to serve only the most job-ready." [4, page 11] Some performance standards, such as cost-per-participant, were criticized because it might discourage long-term training, which could have significant impacts on outcomes. In short, while performance standards were essential for accountability, they might also have a great influence on who receives what services in the program. Hence, Congress expected the Secretary to monitor the application of performance standards and "fine tune" them (where necessary) in a manner consistent with Congressional intent.

Why the 70 percent/30 percent allocation of Title II-A adult funds? The 70 percent allocation to training services was the mechanism Congress developed to keep all non-training activities to a minimum. With 15 percent of the remaining funds for administration (the 20 percent allotment under CETA was considered too generous), 15 percent remained for support services to assure that persons with no income could still participate in the program. Concern was expressed, however, that the low stipend percentage might push disadvantaged into short-term training, leading to low-paid, dead-end jobs. [1, 4, 10]

Why the 40 percent youth allocation? Congress intended youth to be funded at levels similar to CETA. Congress perceived that early intervention for disadvantaged youth is socially more cost-effective, based on evidence that unemployment at an early age is associated with long-term unemployment as an adult. [1, 2, 5]

Why the state role regarding coordination and labor market information? Allocation of funds and coordination by states was perceived to be the most efficient organizational design for job training programs. State coordination of training services would help avoid duplication of services and establish linkages with other programs. State allocation of funds, such as incentive and set-aside funds, would encourage SDAs to develop special services or service groups that otherwise might be ignored (e.g., to encourage delivery of basic education skills and remedial education services to prepare disadvantaged or a target group for later occupation-specific training). States would also provide more efficient and coordinated production of labor market information to improve matching of training to labor market slots. [1, 4]

In summary, Congress designed JTPA to correct problems and abuses under CETA as well as to establish new employment and training policies for the country. Striking differences exist between the implementation of the two programs. Yet, Congress made only one major change in the types of services offered to JTPA participants--the elimination of Public Service Employment (PSE). This indicates that if JTPA is an improvement over CETA, the improvements will happen mainly through changes in implementation, and how JTPA's implementation influences service delivery. This emphasis on implementation underscores the importance of state and SDA process evaluations in understanding program performance. But, how is JTPA performing? Are states and SDA's honoring Congressional intent? This is the subject of the next section.

JTPA REALITIES

Recent JTPA implementation studies suggest that, in general, JTPA service delivery systems across states are working productively. [15-18] However, the Congressional design and funding of JTPA have resulted in a number of equity issues--that is, questions about who receives JTPA services. Under JTPA, business-dominated state councils and SDA PICs were created to establish service policies in their respective jurisdictions. A major policy--or access decision--confronting the councils and PICs was, "Whom should the program serve?" The two basic choices were:

1. Serving those with the greatest training needs.

VS.

2. Serving the labor market needs of business (i.e., assuring that training programs are responsive to the needs of employers for a well-trained labor force).

The majority of councils and PICs have chosen the second policy. This choice, however, was also partially the result of the following program characteristics in the law:

- Inadequate funding: on average, SDAs have sufficient funds to train only four percent of all eligibles in their respective areas.

- Spending limits: Limitations on spending for work experience and support services, plus a lack of stipends. These services are commonly used for youth and adults with the greatest needs. Service providers are also unable to retain participants due to the limits.

- Spending requirements for youth (although these are often waived or reduced by states).

- Performance standards: states and SDAs are required to meet standards, creating incentives to reduce risk by serving eligibles most qualified to meet employer needs.

In short, serving employer and labor market needs and meeting performance standards, all within a limited amount of funding, encourage SDAs to serve eligibles who are easier to place.

The following state council and PIC policies and implementation procedures have also reinforced this policy:

- Concern that a decline in JTPA performance levels (caused by training the hard-to-serve) would make the program seem less important, and perhaps not worth keeping, if further cuts in federal spending were contemplated.

- A high priority of many councils and PICs is to improve public relations in the business community following CETA's termination. The best way to accomplish this aim is to serve employer needs.

- Employers participating in JTPA training programs make the final decision whether a participant (who has completed training) becomes their employee. Thus, the private sector's access decisions greatly influence the flow of participants at both the front (input) and back (output) ends of the system.

- In choosing between quantity (placing as many people in jobs as possible with a given budget) versus quality (providing the best quality services to as many participants as funds permit), most PICs tend to favor quantity.

- Youth competencies are difficult to assess. Therefore, youth programs are often oriented for those 19-21 years old--those who are out of high school and old enough to work full-time, where the only outcome is a placement. Youth aged 16-18 receive relatively less attention in the program.

- No states (in the studies) imposed additional eligibility requirements on SDAs, but specific target group requirments were sometimes imposed. However, the more target groups that were identified, the less impact targeting would have, because fewer resources would be available to serve each target group.

- In most performance-based subcontracts, the SDA's performance standards and financial liability are passed to the subcontractor. Thus, subcontractors often share PIC incentives to serve the needs of employers.

These same forces have also produced more similarity than diversity in local program priorities, services, participants and performance across local areas. [18] Faced with performance standards and low funding, most SDAs have designed their training programs and services around two critical factors, achieving high placement rates at a given target--usually a low cost. As a result, basic activities like classroom and on-the-job training are found everywhere. Few SDAs devote much money to support services or innovative and exemplary programs, or to designing programs targeted to groups with special problems. All of these have higher costs and greater risk of not meeting performance standards and, hence, are relatively avoided.

These patterns indicate that JTPA is not designed and funded to serve those with the greatest training needs. In reality, most SDAs orient their programs around local employer needs. All of this results in fairly standard programs operating within the law.

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Some Process Issues at the State Level

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PREFACE

Outcome Evaluation
Process Evaluations

> One fall, a small cricket found himself becoming colder and colder with each passing evening as the weather turned wintery. So he went to the wise old owl of the forest and said to him, "Oh wise old owl, please tell me what to do. The weather is getting colder and every evening I shiver and shake with the cold. If I don't do something soon, I know I will soon freeze to death. What can I do?"
>
> "The answer to that is simple," said the wise old owl. "Just turn yourself into a grasshopper, and hibernate for the winter."
>
> "But how can I turn myself into a grasshopper, oh wise old owl?" asked the cricket.
>
> Replied the owl, "Humph, don't bother me with the details. I've given you the principle. You implement it." [10]

With passage of the Job Training Partnership Act (JTPA) in 1982, Congress created new principles for organizing and operating the nation's largest employment and training program. States would assume greater administrative roles. Services to economically disadvantaged would be provided through local "service delivery areas" (SDAs). New partnerships would be formed between the private sector and state and local governments. Performance standards would be enforced. With the new principles, however, came very few details on implementing JTPA. No "how-to" books or other resources existed to guide implementation. States and SDAs soon realized that they were "on their own," and that successful implementation of JTPA would be a learning process as they ventured into new administrative territory.

This is, in essence, what evaluation is, a learning process, that can be used to improve JTPA performance. Formally defined, evaluation is the collection and analysis of information by various methods to determine the effectiveness and efficiency of JTPA activities. In its simplest form, evaluation involves carefully examining JTPA to identify program elements that do and do not work, at what cost and for what reasons. In short, evaluation helps decision-makers pinpoint and understand the conditions associated with program success and failure.

When these conditions become known, identifying--indeed, creating--the conditions necessary for effective and efficient service delivery become possible. If state and local evaluations of JTPA were conducted nationwide, they would likely indicate that substantial program variation exists across service delivery systems, making simple blanket endorsements ("it works") and wholesale rejections ("it doesn't work") less appropriate and meaningful. [15]

However, many states and SDAs are unprepared to conduct evaluations of JTPA programs. Prior to JTPA, few states and local areas had performed evaluations of their employment and training programs. If each agency independently developed its own evaluation design, much duplication of effort and inconsistency in the designs might result. To correct this

situation, the National Commission for Employment Policy funded the Washington State Employment Security Department to develop evaluation designs for use at the state and local level. The designs are intended to provide guidance and some uniformity to JTPA evaluation efforts across states and local areas.

OUTCOME EVALUATIONS

In this project and most program evaluations, two types of evaluations may be conducted, outcome and process. As its name implies, outcome evaluations determine the results (or "outcomes") produced by the program. Three major types of outcomes are often considered: proximate, final and distributive. Proximate outcomes refer to the immediate results of program efforts. For example, proximate outcomes for a welding training program might include getting a job after training, or getting a job in welding or in a related specialty. Final outcomes refer to the long-term results of the program--for example, whether an individual is still employed with increased earnings one year after training. Positive proximate outcomes do not show conclusively that a participant has improved his or her long-run earning capability. However, their presence does suggest that individuals are progressing toward stable employment, while their absence may indicate little progress toward longer-run benefits.

The last type is distributive outcomes, which define proximate and final outcomes for specific target groups (e.g., welfare recipients, minorities, etc.) or geographic areas (e.g., rural vs. urban). Distributive outcomes reflect equity issues in service delivery and are a source of variation useful in explaining program outcomes.

Outcomes may be measured at the completion of training (proximate), one year after training (final) or for distinct groups of participants, such as the handicapped. By themselves, these measures are commonly known as "gross outcomes," or simple percentages, totals or averages describing JTPA performance. Gross outcomes may be the result of a variety of factors, such as the services participants receive in JTPA, the education or job history of participants prior to entering JTPA, or changes in a local economy. The central aim of an outcome evaluation is to differentiate among these alternative causes to isolate and measure those participant outcomes produced by JTPA alone. The latter measures are known as "net outcomes," and evaluations estimating these service effects on outcomes are known as "net impact evaluations."

Thus, while gross outcomes merely document program results produced by any number and variety of factors, net outcomes pinpoint results caused by the program. Therefore, net outcomes are a more accurate measure of program performance than gross outcomes.

PROCESS EVALUATIONS

Outcome evaluations provide only part of the information needed in program evaluation. By their methods, outcome evaluations often treat programs as "black boxes": what goes on inside the program (or box) to produce the results is rarely assessed. Thus, while outcome evaluations inform us about the results produced by the program, they rarely explain

why the results were found. Process evaluations (also known as implementation assessments, or evaluations of program implementation) fill this knowledge gap by analyzing the processes that produced program results. The common aim of most process evaluations is to describe the black box--to specify the interventions and implementation strategy that caused the evaluation's outcomes.

Two process evaluation guides--one for SDAs (and subcontractors) and one for states--have been developed in this project. The SDA guide provides an understanding of how SDAs are organized, or structured, how this structure shapes operations and outcomes, and how all of this is influenced by the statewide JTPA service delivery system. Guidelines for analyzing organizational operations in SDAs and subcontractors are also presented. Although the guide is written mainly for SDA and subcontractor administrators, state officials may also find it useful for understanding "what goes on" at the SDA-level.

In this volume the state process evaluation is described. Guidelines are presented for tracing the influence of state policies on SDA and subcontractor operations. A key point in this discussion is that the characteristics of the statewide JTPA service delivery system severely limit states' abilities to perform process evaluations of their own policies. Unless the proper organizational supports are present, process evaluations of how state policies influence local operations become virtually impossible to perform. The guidelines, along with the requisite organizational supports, are presented in the remaining pages.

APPROACH

Background

Constraints

Statewide JTPA Service Delivery System
How SDAs Work
The Requirements of "Perfect Implementation"

BACKGROUND FOR THIS GUIDE

In this section "State Process Evaluation" is defined. In the next section, constraints that limit states from performing process evaluations are discussed. The final section presents methods for performing a state process evaluation within the constraints imposed by the JTPA service delivery system.

In the process evaluation approach presented here, the focus is on state policies and how these policies influence JTPA activities at the local level. Ideally, policies established at the state level move down to the local level, promoting more efficient, more effective, or more equitable service delivery. Sometimes, however, gaps emerge between state policy intent and local program realities. This guide is designed to assist JTPA practitioners at all levels in bridging the gap. The process evaluation includes a set of guidelines for systematically examining the consequences of state JTPA policies for local service delivery (i.e., SDAs and their respective subcontractors). [4] These guidelines may be applied to policy issues 1/ in the major areas of state responsibility defined in the Act. Exhibit 1 lists these responsibilities and describes representative policy issues in each.

Policy issues are not settled in a vacuum; they are developed and resolved in the statewide JTPA service delivery system. Appendix A contains a detailed description of this system. Some of its features are summarized below:

- Multiple Organizations: In general, the JTPA service delivery system consists of the following loosely connected organizations: the state, service delivery areas, and subcontractors. Administrative and/or service coordination may occur among subcontractors, between subcontractors and SDAs, and between SDAs and the state. Other agencies, such as welfare, also become part of the system through formal coordination agreements;
- Decentralization: Each organization has its own distinct rights and responsibilities; and,
- Local Autonomy: Each SDA is free to develop its own programs (within the constraints imposed by the JTPA).

1/ A policy issue is a disagreement or conflict about an actual or potential course of state action. [4]

EXHIBIT 1

STATE RESPONSIBILITIES AND REPRESENTATIVE POLICY ISSUES

I. Establish and operate the State Job Training Coordinating Council (SJTCC).

- What functions should the SJTCC perform?
- How does the mix of public/private membership influence SJTCC functions and decision-making?

II. Designate service delivery areas.

- Under what circumstances should SDA boundaries be changed?

III. Coordinate JTPA services with other programs.

- What is the best way(s) to connect JTPA to the mainstream of state and local services?

IV. Award six percent (incentive) money.

- What criteria should be used to distribute this money to SDAs?
- Under what conditions should technical assistance be provided to SDAs? What form of assistance should this be?
- Should SDAs be required to distribute a portion of their incentive funds to subcontractors?

V. Establish and administer vocational education programs (eight percent set-aside).

- What state agency should operate this program?
- How should this activity be coordinated with SDA programs?

VI. Establish and administer an older worker program (three percent set-aside).

- What state agency should operate this program?
- How should this activity be coordinated with SDA programs?

VII. Establish and administer the Title III Dislocated Worker program.

- What state agency should operate this program?
- How should this activity be coordinated with SDA programs?

VIII. Establish and administer state labor market information programs.

- What information do SDAs need to develop their job training plans?
- How often do they need this information?
- Do subcontractors require similar or different information?

IX. Monitor the performance of SDAs.

- Under what conditions should the Governor impose a reorganization plan?
- How do state monitoring/compliance requirements affect local operations?

X. Prescribe service target groups.

- What target groups should all SDAs be required to serve (if any)?
- How does imposing target group requirements on SDAs influence service delivery?

These features have major advantages for local areas and, indirectly, for states as well. SDAs and subcontractors may customize their programs to meet the unique needs of participants and employers in their respective labor markets. In principle, the more services are designed to meet local participant and employer needs, the more effective services should be. And the more effective the service, the more likely that local goals and performance standards will be met. This structure also promises high performance levels on an overall, statewide basis.

The system's major disadvantage is that it creates severe problems for designing state policies and for conducting process evaluations of how these policies affect local operations. Because responsibilities are decentralized, states (with SDAs) often lack the necessary local information to design policies that meet local interests and needs. The numerous organizations in the system and their differing relationships create uncertainty that state policies can be transmitted properly to SDAs, subcontractors and other coordinating agencies. Even if state policies are explained thoroughly to service delivery areas, local autonomy may sway some SDAs, PICs and subcontractors not to follow them, or block state efforts to monitor the policies. In short, the loose, multi-organizational structure of JTPA's statewide service delivery system presents potential obstacles to states' abilities to conduct analyses of their policies.

In the following section, these constraints are examined in-depth to derive workable approaches for conducting process evaluations within them.

CONSTRAINTS

This section is divided into three parts. First, the statewide JTPA service delivery system is reviewed briefly. System characteristics that limit states' abilities to design policies and trace their effects on SDA operations are reviewed. In the second part, a framework for examining operations in SDAs and subcontractors is described briefly and its implications for performing state process evaluations is discussed. A final part contrasts the characteristics of the prior two parts with the requirements of "perfect implementation" of state policies. This becomes the basis for the state process guidelines, which are presented in the final part of this guide.

Statewide JTPA Service Delivery System

The structure of the statewide JTPA service delivery system is a major constraint in state process evaluations. The JTPA service delivery system consists of several, loosely connected state and local organizations, each having specific roles and responsibilities in the system. (See Appendix A for a more detailed description of the system.) A chief state responsibility is monitoring the performance of local areas through its "performance control system." (Appendix A also contains a further elaboration on the state performance control system under JTPA.) Using the DOL regression formula or other mechanisms, states establish performance standards for each SDA. The state monitors each SDA's progress toward meeting its standards through a management information system (MIS). Thus, performance control systems are concerned with overall SDA results for given periods of time--not with specific actions or decisions.

This means that states have little detailed information about what goes on at the local level. The MIS offers few insights regarding SDA operations and problems. Resource constraints and the geographic separation of state and local agencies restrict states' abilities to learn more about local level activities through other means. In short, if a state were interested in examining how a policy affected SDA operations (i.e., by performing a state process evaluation), it might not have the tools to do so. In the next section a framework for examining SDA operations is presented to gain more insights into this evaluation problem.

How SDAs Work

A complete overview of how SDAs work is presented in a companion volume, A Guide for Process Evaluations, Local Level. Some of its more salient features are presented here. Readers interested in a more detailed discussion are encouraged to review the SDA Guide.

To begin, the SDA is just one organization in a larger environment that includes the statewide JTPA service delivery system, other service agencies (such as welfare) as well as the local labor market and the political-social setting. As an organization, the SDA is composed of several parts that work together to produce outcomes, participants hired by employers. Governance--that is, the PIC and SDA management--control how the SDA's parts work together. Governance's aim is to convert inputs from the environment (i.e., resources--such as staff, participants, supplies, employers, etc.--and information) into outputs (i.e., participants hired by employers) as effectively and efficiently as possible. This conversion process is carried out according to the following four components:

- Mission: This includes the goals, objectives and performance standards of the SDA. The planning process drives activity in the mission component. Under governance's direction, services are chosen, service providers are selected, and resources are allocated, taking into account local conditions and participant/employer needs. Implementation of the plan is monitored through the SDA's performance control system.

- Work: This includes the SDA's means of achieving its goals. It includes the training participants receive along the path they traverse through the system. Under subcontract arrangements, this component is performed by another organization.

- Coordination: This includes the coordination links between the SDA and other agencies; the coordination of activity within the SDA; communication patterns; rule-making processes; and the process for matching participants with employers.

- Social: This includes participant, employer and staff satisfaction and morale; the needs of participants, employers and staff; and the values of the SDA (particularly as reflected in the SDA's goals).

Through the mission component's performance control system, governance--the PIC and SDA management--receives feedback regarding how well the organization is performing. If the governance receives feedback indicating a discrepancy between goals (or performance standards) and outputs, it may alter the components of the conversion process to minimize or eliminate the difference.

In SDAs (and virtually all organizations), the key to good performance is achieving a proper fit among the parts (of the conversion process)--making sure they are internally consistent, meshing together in synchrony to produce outcomes consistent with SDA goals and local conditions. In states with two or more SDAs, local autonomy assures that each SDA is (relatively) free to design its own organization--that is, deciding how the parts of organization (described above) will fit together. Therefore, no two SDAs are exactly identical.

This decentralization of JTPA has two important implications for process evaluations of state policies. First, as stated earlier, because state administration is usually geographically distant from SDAs (and is a separate organization in most states), states usually know little about each SDA's conversion process--that is, the contents of each component and whether a proper fit has been achieved, although long-term poor performance is a good indicator of failure to achieve such a fit.

Second, because no two SDAs are identical in their organizational structures and processes, state policies will likely affect each SDA differently. Consequently, states--or anyone else for that matter--may be unable to predict (with certainty) whether a policy, when implemented, will work as intended.

In terms of this model, three outcomes are possible when a state implements a policy: (1) the policy improves SDA performance by improving the fit among the organization's parts; (2) the policy has no effect on the organization's fit and, hence, performance; or (3) the policy destroys the fit and performance declines. The first is the target of success for all policy; the second is an undesirable but still acceptable outcome; the third is to be avoided at all costs. How hard is it to develop a policy that is guaranteed to have the first outcome? Very hard, and virtually impossible in JTPA and most public programs. The reasons for this are explained in the next section.

The Requirements of "Perfect Implementation"

Why is implementation so difficult? Why do policies never seem to work right? Mainly because the ideal state of "perfect implementation" is virtually unattainable in practice. Here, "perfect implementation" is used not as something to be achieved in JTPA (or any other program), but as a concept for understanding why policies do not work as intended. The requirements of "perfect implementation"--that is, the conditions needed for a policy to work right--are listed below. [6]

- CIRCUMSTANCES EXTERNAL TO THE IMPLEMENTING AGENCY DO NOT IMPOSE CRIPPLING CONSTRAINTS. Some obstacles to implementation are outside the control of administrators. For JTPA, these include downturn in the national economy, or changes in political support for JTPA in Congress. When these occur, even good policies can fail.

- ADEQUATE TIME AND SUFFICIENT RESOURCES ARE MADE AVAILABLE TO THE PROGRAM. Programs and policies that are physically and politically feasible may fail either because too much is expected too soon or because insufficient resources are authorized to carry them out.

- THE REQUIRED COMBINATION OF RESOURCES IS ACTUALLY AVAILABLE. Not only must adequate resources be available, they must be available at each stage of the implementation process. The initial flow of funding may give life to a program, but there is no guarantee that the flow will continue throughout the planned duration of the program. Furthermore, even if funding is achieved, there is no guarantee that funds can be converted into materials, labor resources, or office space within the time-scale of the program.

- THE PROGRAM IS BASED UPON A VALID THEORY OF CAUSE AND EFFECT. Policies are sometimes ineffective not because they are poorly implemented, but because they are bad policies. A policy may be based on an inadequate understanding of the problem to be solved, its causes and cure; or of an opportunity, its nature, and what is needed to exploit it. That is, the typical reasoning of the policymaker is along the lines of, "If we do X now, then Y will result." Every policy is based on such a theory of cause and effect (normally unstated in practice), and, if the policy fails, it may be the underlying theory that is at fault rather than the implementation of the policy. An example is the failure of a program in the late 1960s aimed at creating employment for members of minority groups in Oakland, California. [9] The program provided funds for public works and for making loans available to private firms, in hopes that (a) new business opportunities would be created, (b) which would lead to new jobs, and (c) which would be filled by minorities. Despite much good will, the program achieved very little. Few loans were taken up by firms and some proposals for public works came to nothing. Even when funds were spent as intended, the net increase in minority employment was small. The program failed mainly because it was based upon an inadequate theory of job creation.

- THE RELATIONSHIP BETWEEN CAUSE AND EFFECT IS DIRECT AND THERE ARE FEW (IF ANY) INTERVENING LINKS. Some policies have complex underlying theories. Instead of "if X then Y," the policy may have a longer chain, such as "if X then Y, and if Y then Z." The more links in the chain, the greater the risk that some of them will prove to be either poorly conceived or badly executed.

- DEPENDENCY RELATIONSHIPS ARE MINIMAL. The chances for successful implementation increase when a single implementation agency administers the program or policy. The greater the number of clearances required among other agencies involved in implementation, the lower will be the chances of full implementation.

- THERE IS UNDERSTANDING OF, AND AGREEMENT ON, OBJECTIVES. For successful implementation, all parties should understand and agree on the objectives to be achieved, and these conditions should persist throughout the implementation process.

- TASKS ARE FULLY SPECIFIED IN CORRECT SEQUENCE. In moving toward a set of objectives, tasks are specified in complete detail and perfect sequence.

- THERE IS PERFECT COMMUNICATION AND COORDINATION. Perfect implementation requires perfect communication and coordination among the various agencies and staff involved in the program/policy.

- THOSE IN AUTHORITY CAN DEMAND AND OBTAIN PERFECT COMPLIANCE. The final and perhaps least attainable condition of perfect implementation is that persons "in authority" have power, and they are able to secure total and immediate compliance from others (both internal and external to the agency) whose consent and cooperation are required for the success of the program.

The majority of these requirements are not satisfied in the JTPA service delivery system. JTPA is not immune to changes in the economy. Many view the program's resources as inadequate to deal with the nation's employment and training problems. JTPA is relatively complex; several factors, in addition to training, can determine participant outcomes. Several organizations are involved in JTPA's implementation in each state and SDA. Objectives are often misunderstood, or not everyone agrees with them. The future is too uncertain to fully specify all tasks in the proper sequence. Perfect coordination and communication does not exist, nor does perfect compliance.

Interestingly, two of the above-listed requirements could potentially be met in the JTPA system: (1) the required combination of resources is actually available, and (2) the program is based on a valid theory of cause and effect. The conditions necessary to meet these requirements are subject to control by JTPA administrators through the policy process. That is, JTPA administrators can tackle these two requirements through better policy analysis and improved management of policy implementation. However, the difficulties of such analysis and management should not be underestimated, given the limits of government's ability to understand and "solve" complex social and economic problems in general. [1, p. 251]

> Any social program worth having a governmental policy about at all is likely to be a serious and complicated problem and therefore not amendable to easy solution or even amelioration. To state the proposition a little differently, government gets the dregs of our social problems to solve. The easy ones have been dealt with already by individuals looking after their own interests, by families and other social groups looking after their members, and by economic units profitably exchanging labor, goods, and money in the marketplace. Government these days picks up the problems of physically and psychologically dependent persons, of social groups who have historically been stripped of the capacity to protect themselves from other social groups, and of economic units that cannot make it in the competition of the marketplace. To a certain extent these problems have been created as by-products of the successes of governmental solutions to other problems, as in black teenage unemployment being a by-product of minimum-wage legislation. In any case, they are simply "left over" by the nongovernmental (private and customary) and governmental processes that have on the whole done quite well at preventing an even larger incidence of problems. When government today turns to solving the "leftover" problems, it is rapidly discovered that no one knows quite what to do. Overwhelming political pressures often dictate, however, that "something" must be tried. Assertions that the effort is very likely to be futile (or worse) are discounted as weak apologies for the status quo. Clearly, we would all be better off, of course, if government simply stayed away from problems it could not solve. Alas, if only we could know, before trying and failing, what they were!

In summary, the JTPA service delivery system has several characteristics that increase the difficulty of conducting process evaluations of state policies. These characteristics include multiple organizations, decentralization, local autonomy, and the limits of performance control systems. Methods for conducting state process evaluations must take these characteristics into account, recognizing that a single policy may affect different SDAs in different ways. The methods presented in the next section attempt to achieve this end. Thus, they may not be perfect, but they are practical for the real world in which JTPA administrators work.

METHODS

Introduction
The Problem Is Defined
Solutions (Policies) Are Proposed
Alternative Policies Are Compared
A Choice Is Made
Policy Implementation

METHODS

INTRODUCTION

Many process evaluations of policies and public programs have been conducted in the past. Usually, they are case histories of the policy's origin, its development through the decision-making process, and its consequences once implemented. The aim is to gain an understanding of what has occurred in the past with the hope that it will serve as a guide to the future. The Grinker-Walker (1985) reports cited in this volume are examples of this type of analysis.

This historical approach, however, may have little utility for state (and local) JTPA administrators for several reasons. First, it is not future-oriented. That is, it does not necessarily help state administrators design successful policies either to prevent potential problems from occurring or to solve existing ones (or at least reduce their severity). Second, it does not necessarily help administrators overcome the system constraints mentioned earlier. For example, under local autonomy, SDAs and subcontractors can stymie state efforts to trace a policy's influence on local operations following implementation. Third, and perhaps most important, is the so-called "point-of-view" issue. [1]

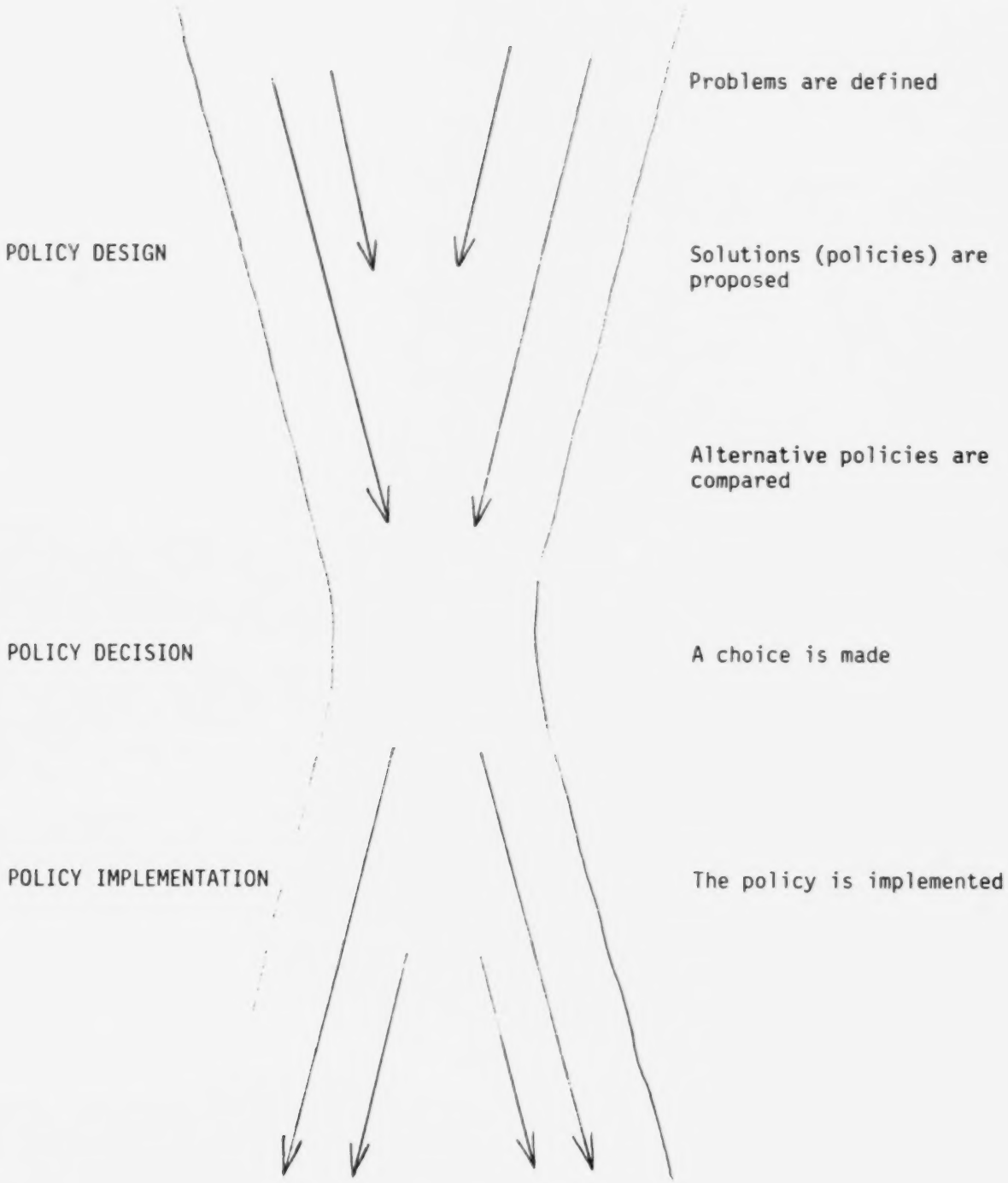
All parties in the implementation process--policy-making or otherwise--are involved, in some degree, both in trying to control others and in trying to avoid being controlled by them. That is, all parties have implementation problems, and what some may perceive as "solutions" others will see merely as aggravations, or worse. In JTPA, decentralization, multiple organizations and local autonomy can foster conflict in state-SDA relations. An historic approach to policy evaluation offers little guidance to JTPA officials in working through their differences to build successful policies.

For the above reasons, a case-history approach is rejected and a future-oriented policy-making and implementation process analysis is offered in its place. This "state process evaluation model" consists of three sequential activities: policy design, policy decision, and policy implementation, as shown on the left-side of Exhibit 2.

The process in Exhibit 2 has an hour-glass shape. Policy design, the top half of the hour-glass, begins on a broad note with the identification of an actual or potential problem. Many actors become involved in the process as alternative solutions, or policies, are proposed. These are debated until, through one mechanism or another, one policy is chosen for implementation. 2/

2/ Conceivably, a decision could be made not to implement any policy. The process would end at this point, unless new alternatives were presented for debate.

EXHIBIT 2: THE STATE PROCESS EVALUATION MODEL



Thus, although the process begins with sundry broad issues, it is self-narrowing, ultimately culminating in a decision to implement the chosen policy.

The bottom half of the hour-glass, on the other hand, is self-exploding. After being concentrated in one place (i.e., the decision-maker), the policy spreads throughout the service delivery system. Depending on the specific policy, a bit of its implementation process may go on in every intake interview; in every PIC meeting where the SDA budget is discussed; in every subcontractor where a counselor picks up a telephone to attempt a client referral. The focus of policy implementation is examining the policy's influence on SDA (and subcontractor) operations within the constraints discussed earlier--that is, making sure the policy is working as its creators intended.

Organizational and communication supports must be present in the system for states (or any other JTPA agency) to implement the model successfully. Although Congress divided responsibility for JTPA among states, SDAs and subcontractors to achieve certain program benefits, this division also has undesired consequences. Specifically, it can severely restrict the flow of information from one agency to another. Information that is transmitted between agencies can be highly filtered. Good news is highlighted; bad news is blocked. Few state administrators have a comprehensive awareness and understanding of what goes on at the local level and the problems service providers face. When problems do surface, they often erupt under crisis conditions fueled by intense political pressures with parties or interest groups demanding an immediate solution (or attempting to block one). Under these circumstances, states can be tempted to specify, implement and enforce policy in a "top-down" style that ignores local concerns. Of course, problems do get solved in this way, but oftentimes only a few interest groups are satisfied with the results, and the political process has hurt future state-SDA-subcontractor relations. In short, while setting up a general structure, Congress has failed to specify a mechanism to help states, SDAs and subcontractors work together to solve their common problems. This of course, is not necessarily unreasonable; Congress cannot anticipate the great variation that exists among the states.

States, SDAs and subcontractors can create their own mechanism by establishing forums and communication networks that bring all relevant parties together on a regular basis to air their common or unique problems, exchange information, and reach workable solutions agreeable to the parties of interest. Examples of such forums are listed below; many of these already exist in several states:

- The SJTCC can serve as a forum to debate and solve SDA policy issues;

- SDA conferences can be convened, where SDA directors meet regularly to discuss common problems and potential solutions, plus reconcile state-SDA conflicts. If SDA-state relations are good, states may choose to delegate portions of their policy-making responsibilities to the SDA conferences;

- Special task forces (made-up of state, SDA and subcontractor representatives) can be created to study a problem, evaluate alternative solutions, and recommend a policy for implementation;

- Subcontractor conferences can be convened where subcontractors meet regularly with SDAs to raise and solve policy issues;

- State-SDA-subcontractor-coordinating agency conferences can be convened, which bring all parties in JTPA together to share information, raise problems and debate solutions; and,

- An independent agency can be established to solve "irreconcilable" policy conflicts among states, SDAs and subcontractors.

Contacts established in the forums can also lead to informal communication networks traversing all organizations in the system. 3/

Implementation of the state process model within such forums would proceed as follows. (Please refer to the right-hand elements of Exhibit 2):

PROBLEMS ARE DEFINED: State, SDA and subcontractor representatives (hereafter referred to as "members") debate issues to reach common definitions of mutual problems. Causes of the problem are identified;

SOLUTIONS ARE PROPOSED: Members propose alternative policies (agreeable to them) that deal with the causes to solve the problem. Mechanisms for implementing each policy are also proposed;

ALTERNATIVE POLICIES ARE COMPARED: Members compare the merits of the alternative policies recommending one (or more) for implementation. 4/ Because the members themselves have studied the problem, debated their own alternative solutions, and made their own recommendations, the recommended policy will likely be acceptable to most members and JTPA agencies;

3/ Liaison staff responsible for interagency affairs also create informal communication networks through their work. However, liaison staff are often part of the performance control system, responsible for supplementing MIS data with other "soft" information about what's going on in another agency. This monitoring/compliance role may inhibit and/or distort communication flows.

4/ States may wish to delegate decision-making authority to the forum. In this case, the members would select a policy for implementation, not just recommend one.

A CHOICE IS MADE: The policy-maker decides to implement the policy, or refer it back to the forum for further discussion. However, the probability of this happening can be reduced if the policy-maker is also a member of the forum; and,

THE POLICY IS IMPLEMENTED: Members and the policy-maker monitor policy implementation. Prior to implementation, members have determined how the policy should work (i.e., cause-effect) in the field, and what local managers should do to implement it properly. Local activities in these specific areas are monitored to determine if the policy is working as intended and whether the problem is disappearing. If the policy is not working as intended, it is revised or replaced with an alternative.

In this process, a policy's ultimate success is determined largely BEFORE it is ever implemented. Here, success is contingent on having a working membership composed of state, SDA and subcontractor officials that is recognized and respected as the system's policy authority. This process can hopefully defuse and solve problems before they erupt as full crises.

In the sections that follow, methods for implementing each part of the model are presented.

THE PROBLEM IS DEFINED

Problems requiring policy intervention are not defined by operation manuals, MIS computer systems or in employment and training handbooks. For the most part, what defines a problem depends greatly on what FACTS are known about the system, what VALUES are being applied, and WHO has placed the problem on the agenda from what level and for what reasons. Let's look at each of these factors.

In any given state there is much information describing "what goes on" in JTPA. These facts may be either "hard" (such as MIS performance data) or "soft" (such as gossip, hearsay, or speculation). Examples of such facts include 1) high SDA placement rates, 2) the number of jobs created through an economic development program developed in a SDA, 3) a high level of creaming across SDAs, 4) a low level of coordination among local agencies, or 5) the joy of a youth finding his or her first job. By themselves, facts are merely descriptive of JTPA's operations. But through politics--the system we have for attaching values to facts--judgments about what is good and bad with JTPA become possible. [6, 15] These judgments cannot be PROVED correct or incorrect; they can only be APPROVED as right or condemned as wrong by the exercise of another value judgment. Thus, if we used congressional intent (i.e., Congress' values) to judge facts 1-5 above, facts 1, 2 and 5 could be classifed as "good" while facts 3 and 4 could be classified as "bad."

But does this make everything in the "bad" category a problem requiring solution? No, not necessarily. Through the political process, someone with sufficient power must place the problem on the agenda before efforts are directed at solving it. For example, PICs may repeatedly petition for more state-sponsored economic development programs, but it is not

until the Governor declares a poor economy as being a statewide issue that such programs emerge. Definitions of problems also may change over time as more facts emerge, or values change, or power shifts from those who perceive a problem to those who do not. [6]

In summary, there are no hard-and-fast rules for deciding what is or is not a problem in JTPA. These will always be political decisions that change over time. Thus, what one state defines as a problem may go unrecognized as such in another state.

Once a problem is defined, the next step is to collect more information about it. Specifically, the problem can be defined along the following dimensions:

- SCALE AND INTENSITY: How widespread is the problem? How serious is the problem for those affected?

- INCIDENCE: Is the problem distributed equally among all those affected? If incidence is not uniform, future policies will have to discriminate among recipients, and a simple "package" may not suffice.

- CHARACTERISTICS (OF THOSE AFFECTED): Is the problem particularly serious for some groups, such as youth?

- TARGETABILITY OF PROGRAMS: What data do we need to direct resources where they will do the most good?

- ATTRACTION: What attracts people into programs? Problems often result in programs to solve them. Will people change their behavior in order to qualify for the program and receive its benefits? This can artifically increase the scope of the problem.

- RATE OF CHANGE: How is the problem changing? For example, are unemployment rates rising or falling sharply?

- UNCERTAINTY: How will the problem develop in the future? Will the problem solve itself? What are the "most optimistic" and "most pessimistic" scenarios?

Answers to these questions are used to develop a precise definition of the problem and provide the basis for identifying its causes. To illustrate how this is done, I will first use Pressman and Wildavsky's study of a jobs program implemented in Oakland, California, during the late 1960s. [9] Although the program was judged a failure, it offers several lessons for this discussion.

On the surface, the problem can be simply stated. Oakland had a large minority population; its unemployment rate was twice the national average (8.4 percent vs. 4.1 percent national average); and racial tensions were high. Most observers felt that Oakland was a tinderbox--the next Watts, ready to blow. Action was needed to prevent a serious problem from

becoming worse. In its simplest terms, the problem was defined as a lack of jobs for the unemployed and underemployed. It was felt that immediate action was needed to prevent a future riot in Oakland. 5/

The causes of Oakland's minority unemployment problems were never fully understood by those involved with the program. However, Pressman and Wildavsky offer their own interpretation. [9, p. 152-153]

> ...The urban ghetto is often within two blocks of some of the highest value of real estate in the nation. Industry and commerce thrive around it so that the unemployed can sit in their doors and watch the "fat cats" go to work. Typically, this distressed neighborhood lies in the heart of a growing, diversifying region that is by no means "outside the mainstream of the Nation's prosperity" but is at its very heart...
>
> ...The East Bay is an area of rapid growth with a diverse economic base, a high per capita income, and so forth, but in which, because of certain charactersitics of the postindustrial economy and deficiencies in the labor market, many residents remain chronically unemployed, even during periods of high aggregate demand...The problem is...one of rigging a strong and well-developed metropolitan economy so as to reduce the disparity between the location and characterstics of jobs available and the location and skills of the distressed population.

In short, if the problem is either poorly conceived or does not exist, in fact, even an "excellent" solution will not work in practice.

The following example shows how JTPA officials might go about defining a problem. In one state all SDAs have failed to achieve their respective performance standards for the number of youth dropouts with positive outcomes. The state, with the help of SDAs and subcontractors, has agreed to study the problem and formulate an appropriate policy response. To begin, two possible sources of the problem are proposed, and within each source, alternative causes of the problem are voiced, as shown below.

SOURCE OF PROBLEM	POTENTIAL CAUSES IN EACH SOURCE
ENVIRONMENT	1. The number of youth dropouts in the SDA's population is lower than expected.
	2. Another state program is already providing services to youth dropouts.

5/ The person perhaps most responsible for labeling these conditions as problems was Eugene Foley, Assistant Secretary of Commerce in charge of the Economic Development Administration.

SOURCE OF PROBLEM	POTENTIAL CAUSES IN EACH SOURCE
SDA/SUBCONTRACTOR	3. An adequate number of youth dropouts exists, but outreach/intake services have not reached them.
	4. Enough dropouts apply and enroll in JTPA, but too many also dropout during training.

To determine which, if any, of these potential causes is correct, information about the problem's dimensions is collected. From these data, the following facts became important to those studying the problem:

1. Information from the state's public education authority reveal that substantial numbers of youth drop out of high school in a majority of the SDAs.

2. The authority also provides information showing that several high schools with high dropout rates operate their own outreach programs to get youth back in school. JTPA services are rarely coordinated with these efforts across SDAs.

3. SDA intake figures clearly indicate that the number of dropouts applying for services is usually lower than the SDAs' required performance standards.

These facts indicate that both the environment and the SDA/subcontractor are sources of the problem. The environment is a source because another program is already serving this target group. The SDA/subcontractor is also a source because JTPA programs fail to attract dropouts who are not already enrolled in programs operated by some high schools.

Now that the problem is defined and its causes understood, the policy-maker(s) can begin thinking about what must be done to solve the problem. That is, the policy-maker needs to specify a set of conditions, or "objectives," that, when satisfied, would indicate that the problem is solved. In this example, five policy objectives are proposed, each categorized along five dimensions, as shown in Exhibit 3. Of course, other objectives are still possible. For example, one objective might be that a policy require little management to implement. However, the dimensions listed here are major concerns in most policy debates.

EXHIBIT 3

POLICY OBJECTIVES FOR YOUTH DROPOUT PROBLEM

DIMENSION		OBJECTIVE
Effectiveness	1.	Three-fourths of the SDAs satisfy their performance standards for youth dropouts within two quarters after the policy is implemented.
Efficiency	2.	The average positive outcome cost for youth dropouts increases by no more than five percent.
Organizational Fit	3.	The policy does not require SDAs and subcontractors to greatly reorganize their staff to accommodate the new policy.
Equity	4.	The distribution of racial/ethnic groups among served dropouts matches the distribution in the SDA's youth dropout population.
Uncertainty	5.	The policy can adapt to unpredictable changes in dropout rates in the SDA's youth population.

In summary, at this point in the process a clear (and hopefully accurate) definition of the problem has been established, and the causes of the problem are understood by most members engaged in the policy-making process. Furthermore, a set of objectives has been established that, when achieved, will indicate that the problem has been solved. As we shall see later, the objectives will become invaluable later in comparing alternative policies and monitoring their influence on SDA/subcontractor operations during policy implementation. Now, let's move on to the next step.

SOLUTIONS (POLICIES) ARE PROPOSED

There are usually several ways of solving any given problem, some more effective than others. In this step, our interests are: 1) proposing alternative policies, and (2) explaining how each solves the problem. This explanation has two components. First, how a policy will deal with the causes to solve the problem must be explained explicitly. That is, at this stage, each proposed policy is a hypothesis--or an educated guess--that it, when implemented, will nullify the causes of the problem and, hopefully, will do so without undesirable financial, political, social or other consequences. The second component is that the policy be a workable solution of the problem. Although a policy may address the causes of a problem well, the policy is of little value if it cannot be implemented in the field. Let's return to the Oakland unemployment problem to illustrate this step.

Even though the sponsors lacked a clear definition of Oakland's unemployment problems, they had a clear idea of how to solve them. Their basic approach was that a massive injection of federal money could create permanent jobs for the hard-core unemployed. Their central hypothesis was that a program of grants and loans to businesses would create 3,000 new jobs in the city. They saw the business grants/loans as a way of involving private sector firms of various sizes in the effort to provide jobs for the unemployed.

However, their approach had some fundamental flaws. The underlying question, raised by one official, was, "Aren't we skirting the problem? ...how do you connect with the long-term unemployed? We still have not heard a formula on guaranteeing that the right people get the right jobs." [9:24] The following explains in more detail why this approach failed. [9:149]

> ...They did understand that it was insufficient merely to create economic growth; they knew they had to seek assurances that new jobs would go to the minority people in whose interest the federal money was presumably being expended. But, their desire to move with the greatest possible speed persuaded them to devise a program based on promises rather than performance. Their innovation, they thought, was funneling money into a city rapidly on condition that it be used to generate the right kind of employment. Their creativity consisted in moving money and devising mechanisms of compliance after it had been spent. No one asked them whether it might have been better to give firms incentives to hire minority personnel by paying part of the cost after the men had been hired.

In other words, instead of taking the direct path of paying the employer a subsidy on wages after they had hired minority personnel, the program expanded business capital on the promise that business would later hire the right people.

Another fault of the Oakland project was that its implementation plan was unworkable. In fact, there was no implementation plan. [9:143]

> From the outset, the emphasis was on designing the program, obtaining initial agreement at the local level, and committing the funds. All this was done quickly, with fanfare and enthusiasm...The latter steps of implementation were felt to be "technical questions" that would resolve themselves if the initial agreements were negotiated and commitments were made. But the years have shown how those seemingly routine questions of implementation were the rocks on which the program eventually floundered.

The lesson to be learned is that the design of policy and how that policy will be implemented must be considered jointly, if the policy is to be a success.

One way of doing this is to create alternative strategies for implementing each proposed policy. Each strategy would describe administrative requirements for implementing the policy, anticipating possible pitfalls, political pressures, resource limits and other possible barriers. 6/ In general, strategies will have better chances of success if: (1) they implement a policy based on a sound theory, and (2) implementation remains simple and requires little management. [1,6,9] Examples of such implementation strategies include the following:

- Targeting policy directly on the problem;
- Minimizing the number of steps and decisions needed to implement the policy;
- Paying as much attention to the creation of organizational machinery for implementing a policy as for designing one;
- Providing the implementing agency with additional resources to carry out the policy; and,
- Inserting performance incentives into the implementation process (where an incentive is defined as the promise of a reward contingent on demonstration of certain performance, with the amount of the reward proportionate to the degree of performance).

6/ Many, perhaps most, constraints remain hidden in the planning stage and are only discovered in the implementation process. Further, feasibility conditions keep changing over time: old constraints disappear or are overcome (e.g., through learning), while new ones emerge. [9]

Now, let's illustrate how alternative policies are developed through the youth dropout problem presented earlier. The task of creating an alternative may be best described as "structured brainstorming." It is "brainstorming" because it basically involves thinking about new and different ways of solving a problem. In general, as the number of persons involved in this activity increases, so will the number of alternative policies. It is critical that state, SDA and subcontractor representatives be involved in this stage (through the various forums proposed earlier) because, due to their positions in the system, a subcontractor may have quite different ideas about how to solve a problem than a state official.

This brainstorming is "structured," however, because it must develop alternative policies that take into account the definition of the problem, its causes, and the specific objectives that a future policy should satisfy. That is, a policy should clearly address the problem, nullify its causes and satisfy most (if not all) of the objectives to receive serious consideration. The multitude of facts collected in the previous step can often help members to think of policies that meet these concerns.

For the youth dropout problem, three policies are proposed. Exhibit 4 contains a brief description of each policy and its underlying theory (i.e., how it solves the problem), implementation strategy, and ability to satisfy objectives. By constructing such a table, all members of the policy-making process can reach a common understanding of exactly what is being proposed to solve the problem and how it should work. In the next step these alternative policies are compared.

ALTERNATIVE POLICIES ARE COMPARED

In this step the alternative policies are compared, and one or more are recommended for implementation. 7/ Returning to Exhibit 2, the key point here is that policy comparisons are just one step in a much larger stream of activity designed to solve pressing problems. Those making the comparisons are usually aware that: (1) a policy decision will be made at a certain time; (2) action will be taken at that time; and (3) such a decision cannot be based on information that is available later. For the task of making policy comparisons, this means partial information available now is better than complete information after implementation begins. [2] But, the mere availability of partial information does not guarantee that it will be used in making policy comparisons. If the information does not help policy-makers predict the success of alternative policies, it will likely be ignored. Moreover, intense political pressures advocating one policy over all competitors may virtually eliminate any formal comparisons of alternative policies from the process.

7/ This, of course, assumes that more than one policy was proposed in the previous step. As mentioned earlier, if the members of a forum cannot reach agreement, the process ends or starts all over. If the decision-maker is also a member of the group, then the recommendation is also the decision (i.e., the next step in the process).

EXHIBIT 4

ALTERNATIVE POLICIES

POLICY	DESCRIPTION	HOW IT WORKS	IMPLEMENTATION PLAN	DOES IT MEET OBJECTIVES
A.	Use state six percent funds to provide SDAs/ subcontractors with a "bonus" for each positive outcome for youth dropouts.	Payment on performance creates incentives to serve more dropouts.	Provide bonuses after SDA gives state proof of performance.	Fits well into SDA and subcontractor operations. Average outcome costs can be met, but amount of bonus may be too low for 3/4 of all SDAs to meet standard with all racial/ ethnic groups represented. Satisfies uncertainty.
B.	Coordinate JTPA services with high school programs.	Most dropouts already in school district programs. Therefore, school districts subcontract with SDA/ subcontractor for services. High school responsible for coordinating program.	School districts mainly responsible for implementation. SDA appoints one liaison staff to coordinate JTPA services with district high schools.	With access to dropouts increased, most SDAs should meet standards. Most racial groups should be represented based on past high school records. Fits well into SDA's subcontracting operation, but SDAs wary of district control of SDA services. May not meet 5% cost ceiling, but can drop school district subcontract if youth dropout problem declines.
C.	Provide technical assistance to SDAs/ subcontractors to develop and operate customized intake services for dropouts.	Customized outreach will be able to locate and enroll dropouts not picked-up by high schools.	Hire consultants to train SDA/Subcontractor outreach staff. Show staff how to integrate dropout outreach services into ongoing youth outreach services.	Effectiveness of new outreach unknown, so 3/4 of SDAs may not satisfy standards. Satisfies cost limits and equity requirement. Fits well into current outreach efforts. Can be stopped if youth dropout rate in population falls.

In short, the task of comparing alternative policies can range from the very simple (e.g., a hallway discussion between two power figures in the policy-making process) to the very complex (e.g., a cost-benefit evaluation of each alternative). The aim here is to reach a middle ground: to present a practical and simple method for comparing alternative policies that can be implemented in a relatively short amount of time.

The method chosen is the POLICY MATRIX, shown below. [5,12] The matrix has three parts: (1) the desired ends/objectives--what the policy is supposed to achieve; (2) the policies, or ways of accomplishing the ends; and (3) outcomes, or the ability of a specific policy to achieve a specific objective. The objectives are the rows; the policies are the columns; and the outcomes are the cells. As a whole, the matrix presents an overview of the strengths and weaknesses of each policy which can be studied quickly to arrive at an informed policy recommendation or decision.

EXHIBIT 5

POLICY MATRIX FOR THE YOUTH DROPOUT PROBLEM

		POLICIES					
		A	B	C	D	E	F
OBJECTIVES	1						
	2						
	3						
	4						
	5						

Before policies can be compared, two tasks must be performed: (1) the importance of each objective must be decided; and (2) the predicted outcomes of each policy for each objective must be estimated. Each task is illustrated using the youth dropout problem introduced earlier in this section.

Exhibit 3 contains the five policy objectives for the youth dropout problem. It is unlikely that each objective has equal importance to policy-makers. Their relative importance--which is always a value judgment--can be measured by having policy-makers distribute 100 points across the five objectives. The more important the objective, the more points it should be assigned. This activity can be conducted in a group setting, so state, SDA and subcontractor officials can reach common

agreement on how the points should be distributed. [7,12] In our example, the following distribution of points was decided:

OBJECTIVE	POINTS
1/Effectiveness	35
2/Efficiency	20
3/Organizational fit	20
4/Equity	15
5/Uncertainty	10
	100

The next task is to predict the outcomes of each policy (as described in Exhibit 4) for each objective. If policy-makers so desire, a considerable amount of effort may be devoted to calculating predicted outcomes. For example, Appendix B provides an excellent example of how cost-effectiveness analysis can be applied to predict outcomes of job training programs. Other popular techniques, such as cost-benefit analysis, can also be used. [13] As mentioned earlier, however, policy-makers may not have the time, money, skills or inclination to use these techniques, particularly if political pressures are demanding an immediate solution. In these cases, the information collected in the previous steps may be sufficient to make educated guesses about a policy's ability to achieve a specific objective. However, if conditions permit, collecting additional information for evaluating policy outcomes is encouraged. 8/

There are different ways of measuring how well a policy satisfies an objective. Some examples are listed below:

MEASURE	DEFINITION
Rank	The alternative policies are ranked according to their ability to meet an objective.
Verbal	Outcomes for an objective may be a verbal scale, such as poor, fair, good, excellent.

8/ Different types of information can be collected. For example, SDAs and subcontractors can be surveyed to determine their opinions about each alternative policy. The problems of attracting dropouts to JTPA programs can be studied in greater depth. The causes of dropping out in the first place can be studied, with an eye toward developing a joint school district-JTPA program aimed at preventing dropouts. Or each alternative could be implemented on a trial basis in different SDAs to see which one works best.

MEASURE	DEFINITION
Points	Instead of using a verbal score, points can be assigned. For example, 100 points means a policy satisfies an objective completely, while 0 points means the opposite extreme.
Monetary	How much does it cost for the policy to achieve an objective?
Time	How long will it take for a policy to achieve an objective?
Deviation from Objective	Points are assigned based on how well the policy satisfies or fails to satisfy an objective. For example, 25 points can be assigned if the policy greatly exceeds the objective, 0 points if it satisfies the objective exactly, -25 points if it completely fails to meet the objective.

These are just a few of several, alternative measures that could be used. Once a measure is chosen for each objective, outcome scores can be calculated or assigned and inserted into the matrix, as shown below for our youth dropout example. The objectives correspond to those in Exhibit 3; the policies to Exhibit 4.

EXHIBIT 6: YOUTH DROPOUT POLICY MATRIX WITH MIXED MEASURES

Objective	Priority Points	POLICY A	POLICY B	POLICY C	
1	35	0	10	-5	Deviations
2	20	$39	$55	$45	Cost (per youth)
3	20	Good	Fair	Good	Verbal
4	15	3	1	2	Rank
5	10	80	40	60	Points

Exhibit 6 contains a variety of measures across the objectives--deviations, cost, verbal, rank and points. With the objectives, policies, priority points (reflecting importance of the objectives) and outcomes summarized in one place, policy-makers can quickly compare the merits of one policy versus another along a number of dimensions. Seeing

the tradeoffs in one place often forces policy-makers to rethink their judgments from previous steps. It is critical to note, however, that the Exhibit 6, by itself, does not indicate which policy is superior to all others. 9/ This decision always remains the responsibility of the policy-maker.

In the youth dropout example, the importance given to Objective 1 (by the 35 priority points) eliminates Policy C from further consideration (due to its negative score). The choice between Policies A and B is difficult because of their relatively similar scores. The final recommendation in this case is Policy A, due to its low cost (Objective 2). Next, the recommendation is formally considered by the policy decision-maker(s).

A CHOICE IS MADE

At this point in the process (in Exhibit 2) an individual or group having the authority makes a decision regarding the policy. The decision is usually either to implement the policy as recommended, or to implement a revised version of the policy, or to choose a different policy for implementation, or to not implement any policy. In the last case the process either ends or starts over again as policy-makers go back to the drawing boards to develop new policies for consideration.

If the decision-maker has been largely removed from the policy-making process, she or he may be unaware of the many tradeoffs, judgments and other decisions made in the previous three steps. Therefore, it is important that some of the history of the process be conveyed to the decision-maker in some form, such as a report, a memo or even a telephone conversation.

In our youth dropout problem, the decision-maker concurs with the recommendation and Policy A, incentive payments, is approved for implementation. As we shall see in the next section, the information collected in the policy-making process will play a key role in monitoring policy implementation in the next stage.

POLICY IMPLEMENTATION

To reinforce a message stated earlier, every policy has two parts, an underlying theory and an implementation strategy. A decision to implement a policy is really an educated guess that the policy's theory and implementation strategy will produce desired outcomes. Because no one can foresee the future with complete accuracy, policy-makers need to monitor outcomes to verify that the policy is working as intended and that it has few undesirable side effects.

9/ If all the outcome scores are quantified and most are commensurate, an overall performance score for each policy can be calculated. [5,7,12] While this score measures which policy is best, policy-makers are by no means obligated to choose that policy for implementation.

If a policy is not working right, it may be because its underlying theory is incorrect, or its implementation strategy is unworkable, or both. If the reasons for policy failure are understood, policy and decision-makers can possibly revise, terminate or otherwise alter it as deemed necessary.

Information from the local level must be collected in order to make these judgments. However, (state) officials responsible for monitoring a policy will not be able to monitor everything that goes on at the local level. The geographic separation of the state and local areas makes such an approach unworkable, plus it interferes with the normal operation of the state's performance control system. Further, even if a state wanted to monitor comprehensively, it would likely not have the resources to do so in all SDAs. Moreover, state attempts to collect comprehensive information on SDA operations will likely be perceived as unwarranted harassment by local officials and will be resisted. The proper tactic, therefore, is to restrict monitoring to the policy objectives developed previously. If the objectives capture both the underlying theory and the implementation strategy of the policy, the objectives will serve as a useful means of focusing the monitoring effort. In this case, the key monitoring questions become:

- Has the policy achieved its objectives?
- Has the policy produced unanticipated outcomes, or side effects?
- Why did these outcomes occur?

To answer these questions, indicators that measure the policy's outcomes at the local level must be developed. The choice of indicators depends greatly on the policy's underlying theories, implementation strategy, and objectives. Let's use Policy A (Exhibit 4) to illustrate how this is done.

Policy A's underlying theory is simple. By providing a reward, state bonus money, contingent on proof of performance, local authorities will have increased incentives to serve youth dropouts, which--in some unspecified way--will solve the youth dropout problem. Instead of evading state scrutiny, SDAs might seek out such scrutiny to receive their bonuses. Its implementation strategy, distributing funds based on proof of performance, also sounds simple, at least from a state perspective. But either the policy's underlying theory or implementation strategy (or both) could break down. The underlying theory might fail if the bonus is not big enough to motivate local officials to serve more youth dropouts. Or the theory might fail if local authorities only serve dropouts in one racial group and ignore the rest (for example, because they are harder to find). The implementation strategy might fail if SDAs are required to submit considerable paperwork to prove their performance. Or it might fail if an administrative SDA allocates little of the bonus money to subcontractors, who are actually doing the work. The policy might also have undesirable side effects, such as fewer services for youth who are not dropouts. The key point, then, is (1) to develop indicators that capture a policy's underlying theory, implementation strategy and possible side-effects, and (2) to relate the indicators to the policy's objectives. An example follows for the Policy A objectives.

	POLICY OBJECTIVES	EXAMPLE INDICATORS
1.	Three-fourths of SDAs satisfy youth dropout performance standards.	Youth dropout positive termination rate (in a period). Number of dropouts applying for services. Number of dropouts enrolled. Number of dropouts terminated. Repeat of above indicators for all youth.
2.	Average cost for dropouts increases by no more than five percent.	Average cost per positive outcome (in a period). 10/
3.	SDAs/subcontractors must not reorganize service delivery to accommodate policy.	Number of reorganization plans. Number of staff hired to implement policy. Allocation of bonus money among SDAs and subcontractors. List of all program changes made to accommodate policy. Number of changes in client pathway. Number of new local coordination agreements. PIC/staff reaction to policy.
4.	The distribution of racial/ethnic groups among served dropouts matches the distribution in the SDA's youth dropout population.	Number of dropouts enrolled and number with positive outcomes by racial/ethnic group (in a period).
5.	Policy can adapt to changes in dropout rates in SDA's youth population.	Evidence indicating dropout rates are increasing or declining. Program changes in response to rate fluctuations.

10/ If Policy A (Exhibit 4) is implemented, states can effectively control these costs through the size of the bonus payments. Therefore, this objective has a good chance of being met if the state implementation strategy is sound.

There are several points worth noting about these indicators. First, most of them are numeric, but some are verbal. In practice, numeric indicators will need to be supplemented by brief explanations of how local officials went about implementing the policy. This information can be collected through telephone conversations with local staff, a mail survey or other means. 11/ Second, indicators for the third objective are intended to capture the policy's influence on the mission, work, coordination and social components of local agencies. These indicators are especially useful in assessing the success of the policy's implementation strategy. Third, although the indicators refer to a single SDA, they can also be used to describe trends across SDAs. Thus, the above indicators can be collected for all SDAs and compared in some way, such as by computing averages or displaying the numbers in tables, charts and graphs. For example, the average youth dropout placement rate among all SDAs can be calculated for each month over a six month period and displayed in a graph.

In the end, though, those responsible for monitoring the policy must interpret the numbers and decide whether the policy is working properly. This task is made easier if the criteria for determining whether a policy satisfies or fails to meet an objective is stated explicitly beforehand. For example, in the youth dropout problem, the effectiveness objective requires that 75 percent of the SDAs satisfy their performance standards for youth dropouts after policy implementation. Is the policy a success if only 70 percent achieve the objective? How about 50 percent? If multiple objectives exist, success or failure may be based only on indicators for the most important objective. If these issues are settled beforehand, officials will be in a better position to interpret findings during the implementation stage.

If the policy is not working correctly, officials must use the available evidence (or collect additional information) to decide whether the underlying theory or implementation strategy (or both) are at fault. Normally, the decision is to discard the policy whenever the underlying theory proves to be faulty. [1,9] But if the theory is sound but implementation has failed, the policy can often be corrected to achieve intended results.

In closing, a final issue must be raised: who should conduct the monitoring? Ideally, if a policy-making forum (consisting of state, SDA and subcontractor representatives) developed the policy, it should also be responsible for monitoring it. The reason for this is simple: not only is this group probably the most knowledgeable about the policy and the problem(s) it addresses, it also is likely to have the support of local officials. Thus, while its attempts to monitor policy at the local level may not be welcomed with open arms, they will likely face the least resistance. If monitoring is performed solely by the state, local actors might view it as part of the state's compliance activity. The net result here might be lack of cooperation by local actors or even the provision of inaccurate (but favorable) information about policy outcomes. However, if state monitoring is endorsed by the policy-making forum, it too might gain local acceptance.

11/ The Grinker-Walker and Westat studies contain survey instruments that could be adapted for this purpose. [3,14]

CONCLUSION

The purpose of this volume has been to describe a general approach for studying how state policies influence local operations. Although the focus of the illustrations has been youth policy issues, the approach can be adapted to most problems requiring a policy solution at the state level. The approach is based on the simple proposition that policy issues in JTPA can affect all levels of the state service delivery system, and that state, SDA and subcontractor officials must work together to solve their common problems. Thus, while states, SDAs and subcontractors were created to perform different functions in JTPA, the policy-making process is the coordination tool for bringing them together when problems arise.

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APPENDIX A
THE STATEWIDE JTPA SERVICE DELIVERY SYSTEM

Structure of the System
Coordination and Accountability
State Performance Control Systems
SDA Performance Control Systems
Pros and Cons of Performance Control Systems

Understanding how JTPA works begins at the state level with a system-wide view of the program. This perspective is important because SDAs are not islands; they are part of a multi-organization system coordinated at the state level as defined in the Act. What goes on in any one organization cannot be understood fully without also looking at its relations with other organizations in the system. In this appendix a model of the statewide JTPA service delivery system is presented. A discussion of state-SDA relations within the model follows.

A word of caution is needed before we begin. Parts of this section have an air of finality, as if the model perfectly matches what goes on in the JTPA service delivery system. That is not true, because all models--whether they are of organizations, airplanes or persons--are a simplification of reality. Real organizations are enormously complex. Models help us manage the complexity, to simplify it and sharpen its features, making it easier to understand.

The models presented in this section may not exactly match your own program or image of JTPA. But, they should nonetheless serve as building blocks for developing and implementing process evaluations customized to your own program.

STRUCTURE OF THE SYSTEM

For most states, the JTPA service delivery system consists of three major organizations, the state, service delivery areas and subcontractors. The numbers of each organization vary considerably across states. In eleven states no SDAs exist; the state provides all services to participants. [1] SDAs may choose either to provide all services or subcontract all or part of this function to other organizations in the local area. SDAs providing most services to participants may also elect to establish satellite offices to improve access. In some cases, subcontractors may be a state agency. Due to the coordination mandate, SDAs (and their subcontractors) are often linked with organizations outside the system, most typically local welfare offices. [2] To a great degree, Congress has established the roles and responsibilities of each organization in the model, which may be summarized briefly as follows [3,4]:

STATES (GOVERNORS)

- Establish the State Job Training Coordinating Council (SJTCC).
- Designate Service Delivery Areas (SDAs), approve locally developed plans, and distribute grant funds to localities based on formulas established in the act.
- Monitor local program performance, prescribe variations in performance standards based on special conditions in the state, and award incentive bonuses for exceeding goals (or take action, including sanctions, when performance fails to meet standards or remains poor).

- Establish and administer a new statewide dislocated worker program, a discretionary older worker program, a coordination and special service program, and a state labor market information system.

SERVICE DELIVERY AREAS

- Establish Private Industry Councils.
- Develop Job Training Plans.
- Implement Title II-A and Title III (where applicable) programs as stated in their Job Training Plans in accordance with performance standards and coordination criteria established by the state.
- Monitor program performance of subcontractors (if applicable).

SUBCONTRACTORS

- Develop and submit proposals for training programs contained in SDA Job Training Plans or state training programs.
- Implement training programs in accordance with performance standards established by the state or SDA and specified in legal subcontract agreements.

By the model, most services are delivered to participants at the subcontractor level in most states [3, 4, 5]; what "goes on" at this organizational level essentially determines the services, or treatments, that participants receive in the system. [6]

Characteristics of the JTPA system that pose challenges to administration and evaluation alike are as follows:

- Multiple organizations: the state, local service delivery areas and subcontractors form a statewide system of employment and training services.
- Decentralization: Several organizations (state, SDA and subcontractors) are responsible for administering JTPA.
- Local autonomy: Each organization is free to develop its own programs, creating nonstandard forms of treatment and implementation.
- Dynamic programs: Treatment and implementation change over time.
- Multiple delivery strategies: Many treatments are possible to achieve a set of outcomes.
- Conflicting/multiple goals: Multiple goals may exist, some possibly conflicting with each other.
- Multiple levels of coordination: Administrative and/or service coordination may occur among subcontractors, between subcontractors and SDAs, and between SDAs and the state.

In short, JTPA is a highly complex service delivery system. The more SDAs there are in a state, and the more these SDAs subcontract services, the more complex the system becomes. This raises an important question: if responsibility is divided across so many organizations, how is accountability in the system maintained? How is service delivery coordinated between the state and SDAs? Between SDAs and subcontractors? These questions are addressed in the remainder of this appendix.

COORDINATION AND ACCOUNTABILITY

Basically, states with multiple SDAs and subcontractors coordinate service delivery and maintain accountability through two mechanisms, standardization of outputs and performance control systems. [7,8]

All service delivery systems are created for a purpose, to produce a set of outputs. Congress created JTPA to train or prepare economically disadvantaged youth and adults for employment. The Secretary standardized these outputs by establishing performance standards for all states and SDAs. Allowed services could be delivered as each provider saw fit. Hence, subcontractors are not told how to run their training programs, only to meet performance standards of their subcontract. Similarly, SDAs coordinate with the state in terms of their own performance standards. SDAs are expected to meet performance standards on an annual basis; how they do this is their own business.

Outputs are standardized within a performance control system to achieve coordination and accountability throughout the statewide system. Performance control systems consist of two parts, the plan and control. The plan specifies the desired outputs, or set of performance standards, at some future time. In JTPA, these plans include the Governor's coordination and special services plan, the job training plans of SDAs, and (performance) contracts of subcontractors. The purpose of control is to determine whether the standard has been achieved. Achievements are monitored through Management Information Systems (MIS). After performance standards are established for the SDA, its actual performance is later measured in terms of these standards and the results fed back up to the state. Similar MIS-feedback occurs between SDAs and subcontractors (or SDA satellite offices).

Thus, performance control systems are concerned with overall results for given periods of time--not with specific actions or decisions. States use performance control systems to verify that SDAs meet their respective performance standards--but not to monitor SDA decisions and program activity. For SDAs that subcontract or have satellite offices, the major concern is that the subcontractor/office fulfills minimum contract requirements, that it contributes to overall SDA performance without squandering its resources. Together, state and SDA performance control systems form a "chain of accountability" across organizations and, hence, in the system as a whole.

In virtually all performance control systems (including JTPA), SDAs and service providers generally have considerable freedom to meet their respective standards. Why is this autonomy important? Mainly because SDAs, compared to the state, are closer to the local labor market and, at least in principle, are in a better position to develop programs serving

local eligibles and employers. Similarly, subcontractors, compared to the SDA, are directly involved in service delivery and, hence, are in a better position to design customized programs meeting the needs of their respective employers and participants. In principle, the more services are designed to meet local participant and employer needs, the more effective the services should be. And the more effective the service, the more likely that performance standards will be met.

Another reason for SDA and subcontractor autonomy is the design of the service delivery system itself. In JTPA states, SDAs and subcontractors are independent organizations joined together through loose administrative agreements. Each organization lacks the authority--as well as the administrative resources--to control most actions and decision-making in the other organizations.

A final reason for service provider autonomy are limitations of the MIS. In general, a MIS may be used properly to monitor SDA or subcontractor performance. However, an MIS does not contain sufficient information for administrative organizations (that is, the state or an SDA that subcontracts and/or has satellite offices) to make decisions for service providers. Many service decisions are based on "soft" information not contained in an MIS. Knowing that a national manufacturer plans to open a new plant in your community may have a greater influence on decision-making than all the information in a MIS. Further, a MIS often reports aggregated, historic information which may be of little use for solving current and/or future management problems. Last, most administrative organizations lack the time to absorb all the information a MIS can offer. So, the wise administrative organization knows what it can't know and lets the service providers stay independent.

Performance control systems work when everything runs well. But what happens when performance standards are not met? This issue is addressed in the following sections.

STATE PERFORMANCE CONTROL SYSTEMS

States have distinct responsibilities in the performance control system. Some of their responsibilities are defined in the law, but others are the result of their position in the JTPA service delivery system. These responsibilities include the following:

- Designs the (state) performance control system (including MIS);
- Prepares an annual statement and coordination and special services plan;
- Calculates performance standards for SDAs, granting variations and waivers to the standards within guidelines established by the Secretary;
- Allocates Title II resources to SDAs in accordance with formulas for meeting performance standards;
- Provides certain support services, such as labor market information, to assist SDAs meet their performance standards;

- Monitors SDA performance; and,

- Maintains limited personal contact with SDA.

The main purpose of monitoring and personal contacts is to flag problems in the SDA. The state uses varying amounts of personal contact with SDA staff to supplement its MIS-based performance control system. Typically, the information in the MIS cannot capture all the problems that an SDA might be experiencing. For example, an MIS usually cannot determine whether an SDA's problem is due to either its own poor performance or a downturn in the local economy. Further, SDAs may manipulate the MIS to hide its problems from the state. Because of these limitations of the MIS, states often keep in touch with SDAs to learn about their operations with an eye toward foreseeing problems. But too much contact interferes with SDA autonomy. Thus, states walk a tightrope between being ignorant of SDA problems and becoming so familiar that they are tempted to interfere.

If problems are detected, the state must first determine their source, either outside (such as economic downturn in the local economy) or inside the SDA. If the evidence indicates that the problems are from outside the SDA, there is little the state can do. Performance standards or resource allocations may be adjusted to reflect the new economic conditions, or perhaps the state might target an economic development program into the area. States face real constraints here because they--as well as the SDA--do not control the environment in which the SDA operates. So, when the cause of poor performance is in the environment and beyond the control of the SDA, the SDA has really only one choice: adapt to the change as best it can and wait until better times arrive.

But, what if the local economy is sound and the SDA itself seems to be the source of the problem? States have basic options to choose from, most defined in Sections 105 and 106 of the JTPA. If the problem(s) are neither too severe nor urgent, the state (i.e., the Governor) may use the state review process for job training plans to correct the problem. For example, in the SDA's next plan submission, the state may require a separate report on the current status of the problem, the SDA's success in solving the problem, and whether future actions are planned or necessary. In short, the state may elect to continue periodic monitoring of the SDA problem, making sure that it is resolved, at best, or at least does not become any worse.

On the other hand, if the problem is both severe and urgent, the state may impose a reorganization plan on the SDA. This plan may include one or all of the following measures (Sec. 106):

- Restructure the SDA's PIC;

- Prohibit the SDA from further use of designated subcontractors;

- Select a different entity to administer the area; and,

- Make any other changes the state deems necessary to improve performance.

The top three items in the list are ways the state may change the governance/management of the area. These are common, potentially successful methods of solving (severe) problems in public and private organizations using performance control systems. [7,8] The last item really indicates that states have tremendous latitude and power in how they deal with SDA performance problems. But whether a state actually uses this power may depend greatly on the severity of the problem and the political context in which the problem exists. For example, a Governor may be very reluctant to make major changes in a SDA if its local elected officials have a history of supporting the Governor on various state and local issues.

It may not be too surprising, then, that most states choose to provide some form of "technical assistance" to the SDA having performance problems. This is a useful, potentially effective way of handling the performance problem. But the form of the technical assistance is critical for this intervention to be successful. Typically, state technical assistance has been a management strategy, such as setting clearer goals or increased monitoring. In other words, a common state reaction to poor performance is to tighten the screws. Unfortunately, this often does more harm than good. Why is this so?

First, training/service programs are fundamental to achieving good performance. When a state attempts to improve performance by either adding to the administrative/management burden or controlling service delivery, SDA effort previously directed at service is now used to perform nonservice (compliance)-related activities. The emphasis switches from serving participants to satisfying performance standards and state-imposed reporting requirements. In essence, an ends-means reversal occurs, and actual service delivery suffers as a consequence, likely reducing SDA performance even further.

Second, providing services effectively to participants is complex work requiring competent staff. If SDA staff are incompetent, no set of state plans, rules or orders can make them more competent. Furthermore, these measures often prevent competent staff from doing their work effectively.

In sum, state technical assistance that merely tightens the screws (through various management strategies) will likely not prove to be an effective mechanism for improving SDA performance. Instead, technical assistance directed at improving services seems more appropriate, mainly because services are the "means" of achieving program "ends" (performance standards). Services may be improved, for example, by increasing the capability of staff, such as by gradually replacing incompetent staff with more qualified individuals, increasing staff skills (through staff continuing education), or hiring a consultant to raise staff levels of performance in specific areas where weaknesses may exist. Other mechanisms, such as altering program content, structure or service deliverers, may also lead to service improvements.

SDA PERFORMANCE CONTROL SYSTEMS

Performance control systems are also present in SDAs which subcontract or operate satellite offices. In these systems the home office monitors the performance of subcontractors or branch offices. The main concerns of

the home office are that each subcontractor/branch satisfy its own standards, and their combined efforts satisfy the standards for the SDA as a whole. SDA responsibilities in its performance control system differ from the state. Major ones are listed below:

- Managing the "strategic portfolio," or the opening and closing of subcontracts and satellite offices to provide a specific mix of services to specific participants;
- Allocating the financial resources of the SDA within the constraints imposed by the JTPA and state allocations;
- Designing the performance control system; 12/ and,
- Monitoring the performance and activity of subcontractors/ satellite offices on an informal basis.

Generally, the SDA performance control system works much like the state system: subcontractors and satellite offices require autonomy to make their own decisions; monitoring occurs through the MIS, supplemented by informal contacts. Likewise, if a performance problem(s) is detected, the SDA must first determine if the source of the problem is outside or inside the subcontractor/satellite office. If the subcontractor or office is the source of the problem, the SDA has these (and other) basic means of intervention:

- Cancel or not renew the subcontract;
- Replace the manager in the satellite office; and,
- Provide technical assistance, increase compliance monitoring, or both.

Again, if the last action is taken, technical assistance/compliance that merely "tightens the screws" will likely divert resources from service to satisfying the additional requirements (imposed by the SDA), in most cases reducing performance of the subcontractor or satellite office. Actions that increase staff skills (e.g., staff training) or otherwise improve service effectiveness will likely result in better performance levels.

PROS AND CONS OF PERFORMANCE CONTROL SYSTEMS

Because most states have SDAs, most operate one form or another of a performance control system. However, a PIC or SDA may choose between subcontracting or delivering services itself, which translates into operating either a multi-organization performance control system or an MIS for tracking its own performance. While the choice may be dependent on staff skills, other factors also influence this decision. First, performance control systems work best in stable and simple environments.

12/ In many cases, SDAs may simply extend the state system down to the subcontractor/satellite level, sometimes in modified form.

For SDAs, this means having a fairly stable, predictable local economy that is simple to understand and monitor. These environments allow SDAs and their subcontractors to standardize their services and operating systems, creating stability in organizations. Managers often agree that satisfying performance standards is easier under these conditions.

Complex and dynamic environments, on the other hand, are less supportive of performance control systems. For example, developing performance standards for a rapidly changing local economy and "hard to serve" participants is at best a difficult task. Performance in such environments is likely determined more by events happening outside the SDA than the relatively short-term services participants receive.

Performance control systems also work best in highly diversified areas. For example, if an SDA is serving a large number of target groups, subcontracting services by target group is one legitimate way of establishing a performance control system. Such diversification would make sense if each subcontractor provided a unique set of services customized to meet the specific employment and training needs of its target group. Other forms of diversifying, such as by region or service, are also possible. And once an SDA has decided to diversify (or subcontract), it likely finds that adding/deleting subcontractors becomes relatively easy. However, if an SDA's services are the same for most participants across all regions, then it might make more sense for the SDA to provide most services itself.

Performance control systems also have two major, negative characteristics. First, they tend to stifle innovation. Innovation (of services) involves risk--a risk that performance standards may not be met if the innovation fails. Because performance is the bottom line in most SDAs, PICs may be less willing to innovate, particularly when current services are meeting standards. Thus, performance control systems encourage conservative program management.

Second, these systems emphasize economic consequences but downplay social ones. Every major decision that a PIC or SDA director makes has economic as well as social consequences for most groups. The economic consequences of JTPA are its performance standards--percent employed, average wage rates and so forth. They are easily measured and, hence, are easily integrated into the MIS and performance control system. Hence, they often have the undivided attention of the PIC, management and most everyone else in the system.

But there are social consequences to decision-making as well. These consequences are often hard to measure and, hence, are rarely included in performance control systems. Examples include decisions to orient services around the job-ready instead of the hard-to-serve, to ignore youth below the age of 18 because their outcomes (or competencies) are difficult to measure, or to emphasize placements instead of the gain in skills or wages from training. When the screws are turned really tight and pressures mount, SDA (or subcontractor) management may have no other choice but to ignore social consequences of their decisions and to meet performance standards--no matter what. Thus, performance control systems direct energy and resources toward achieving results measured chiefly in economic terms and may, under the worst of circumstances, inhibit social responsiveness and responsibility.

Is it possible to develop a performance control system that accounts for social consequences of decision-making under JTPA? Well, yes and no. Although we cannot measure the social dimension precisely in most instances, crude measures may be possible. Let's use "need" for services as an example. On a scale of 0.00 to 1.00, an unemployed, single mother on welfare with children and no skills or work history might be given a "1.00"--having the greatest need. Someone who is unemployed and unskilled might be given a ".50". Someone who is unemployed but has a good job history might be given a ".25"--that is, having lowest need. Then, placements could be adjusted, or "weighted," by these need factors, such that a welfare mother counts as a full-placement (1.0), an unemployed/unskilled person counts as a half-placement (.50), and the last counts as a quarter-placement (.25). This would mean that, to achieve one placement, a provider could either place one welfare mother or two unemployed/unskilled persons or four skilled persons. This is just one way of including social and economic factors in a performance control system. However, such adjustments would require that reliable and valid measures for the concept of "need" be available, and that sufficient resources exist to treat the hard-to-serve.

SUMMARY

This appendix has shown how performance control systems work to maintain a "chain of accountability" throughout the statewide JTPA service delivery system. Each SDA is concerned that the combined efforts of subcontractors satisfy its performance standards; states are concerned that SDAs meet their respective performance standards to satisfy state accountability requirements. Thus, although revenues are spread across multiple organizations at different levels in the system, accountability is maintained through the chain and, hence in the system as a whole.

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APPENDIX B
COST-EFFECTIVENESS ANALYSIS IN AN EMPLOYMENT AND TRAINING PROGRAM

THE COST EFFECTIVENESS TECHNIQUE 13/

By

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The use of cost-effectiveness analysis in evaluation can best be shown by constructing a simple illustration of its use. From this hypothetical example it is possible to grasp the added dimension that the approach provides for social decision making. Following this illustration we will attempt to describe the principles and procedures for considering and measuring costs and effects.

Assume that we are engaged in evaluating programs designed to reduce the rate of recidivism of convicts who are released from the state prison. For purposes of this exercise let us define the rate of recidivism as that proportion of former prisoners who are arrested and convicted of criminal acts within five years of being released. The existing program is one that keeps a record of the addresses and employment circumstances of former prisoners, as well as requiring those who are released on parole to report periodically to their parole officers. Beyond these bookkeeping relationships there are no systematic attempts to provide either jobs or psychological counseling and assistance.

To reduce an apparently high rate of recidivism, the State Prison Authority wishes to consider a number of alternative programs for ex-prisoners. These include: (1) a job placement program, (2) a psychological services program, and (3) a program that combines both job placement and psychological services. With the assistance of evaluation experts, a major social experiment is initiated to determine the impacts of the three alternatives on the rate of recidivism. For a period of six months all of the released male prisoners who are returning to the major cities of the state are assigned randomly to one of four groups: (1) job placement, (2) psychological services, (3) combination of job placement and psychological services, or (4) normal existing arrangements for ex-prisoners.

After five and one-half years the experiment ends with the following results. The five-year rates of recidivism were 15 percent for those in the job placement program; 26 percent for those in the psychological services program; 12 percent for those in the combination program; and 37 percent for those ex-prisoners who received no special treatment. Based upon this appraisal it appears that all programs were more successful than the existing approach, but the combination treatment showed the best results, followed by the job placement program and the psychological services one. Under normal circumstances the evaluation might have ended here with the policy recommendation that the combination program be selected, but we wish to review the costs as well.

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13. Levin, Henry M. "Cost-effectiveness Analysis in Evaluation Research." M. Guttentag and E. L. Struening (eds). Handbook of Evaluation Research. Volume 2. Beverly Hills, CA; Sage. 1975. Copyright 1975 by Sage Publications, Inc. Reprinted by permission of Sage Publications, Inc.

Appendix Exhibit 1 shows a hypothetical cost-effectiveness comparison of the anti-recidivism programs for released prisoners. The three experimental treatments discussed above are compared with the results of the normal program. For simplicity we have assumed that exactly equal numbers--10,000 subjects--were assigned to each group. The five-year recidivism rates are shown, and beneath them in parentheses are noted the rankings of the result (1 is best). Based upon these rates we can calculate the number of persons who were not recidivous, who were not arrested and convicted of criminal acts within five years of their release from state prison.

Hypothetical total costs for each program are shown on the next line. It is assumed that the normal program is least expensive because it is essentially an "auditing" or "accounting" approach for maintaining information on the location and activities of each ex-prisoner. The job placement and psychological services programs are most costly, and the combination of them is the most expensive. It is assumed that some aspects of the combination program are duplicated in the separate ones, so that the cost of the combination approach is somewhat less than the combined total of the two separate components. When these costs are divided among the number of subjects in each group, it is clear that the "normal program" is the least expensive and the combination shows the highest average cost per subject.

But the average cost per subject tells us nothing about the cost for obtaining the desired criterion, namely the reduction in recidivous subjects. The next line compares the average cost per nonrecidivous subject. According to this comparison, the "normal" program shows the lowest average cost per nonrecidivous subject, followed by the job placement program and the psychological services one, while the combination program seems to have the highest cost. But this comparison is not completely valid because the programs are being credited for subjects who probably would not have been recidivous even in the absence of the programs. For example, the "normal program" is merely a bookkeeping effort. While maintaining regular contact and information on the activities and whereabouts of released prisoners will have some effect on the likelihood of their returning to crime, it is likely that even in the absence of such a program a significant portion of the men would not be recidivous. Accordingly, using the total number of nonrecidivous subjects as a basis for calculations understates the cost of each "success", because it counts any nonrecidivous person as a credit to the program. This bias is most severe for the "normal program," but it is also evident for the other groups.

APPENDIX EXHIBIT 1

COST-EFFECTIVENESS COMPARISON OF
ANTI-RECIDIVISM PROGRAMS FOR RELEASED PRISONERS

	Treatment			
	Job Placement	Psychological Services	Combination of These	Normal Program
Experimental Population	10,000	10,000	10,000	10,000
Five-year rate of recidivism	.15 (2)	.26 (3)	.12 (1)	.37 (4)
Number of persons not recidivous	8,500 (2)	7,400 (3)	8,800 (1)	6,300 (4)
Total Cost	$10,000,000	$ 9,000,000	$16,000,000	$ 5,000,000
Average cost per subject	$1,000 (3)	$ 900 (2)	$1,600 (4)	$ 500 (1)
Average cost per nonrecidivous subject	$1,176 (2)	$1,216 (3)	$1,818 (4)	$ 794 (1)
Number of persons not recidivous in comparison with normal program	2,200 (2)	1,100 (3)	2,500 (1)	---
Additional cost beyond normal program	$5,000,000 (2)	$4,000,000 (1)	$11,000,000 (3)	---
Marginal cost per additional non-recidivous subject	$2,273 (1)	$3,636 (2)	$4,400 (3)	---

Source: Levin (1975). Table 5.1.

These preliminary calculations lead us to the final set of results in Appendix Exhibit 1. If we assume that the "normal program" is required by law, then we do not have the opportunity to eliminate it. Assuming that each of the other treatments also provides for regular contact with the person and collection of the relevant information, the policy question is what cost (for each additional nonrecidivous person) is saved by one of the special treatments. In comparison with the "normal program," the job placement, psychological services, and combination programs enable an additional 2,200, 1,100, and 2,500 persons, respectively (out of 10,000 subjects), to avoid returning to crime and prison. As we noted from the recidivism rates, the combination program seems most successful, followed by job placement and psychological service programs.

But the additional costs beyond the normal program vary from treatment to treatment. While the job placement program costs an additional $5 million, the psychological services cost another $4 million, and the combination program had an added cost of $11 million in comparison with the standard approach. From these data we can calculate the marginal or additional cost for each additional nonrecidivous subject. This varies from $2,273 for the job placement program to $4,400 for the combination approach. In other words, it cost about half as much to reduce recidivism by one person via job placement as via the combination program. The psychological services program was about midway in cost per additional nonrecidivous subject.

In summary, although the experiment demonstrated that the combination program showed the most success in reducing recidivism, its higher cost would not be justified. Rather, job placement would appear to be the most promising approach from the cost-effectiveness vantage point.

To illustrate the impact of choice of approach on the budget of the social agency that is administering the program, we can calculate that the cost of "saving" an additional 1,000 released prisoners from returning to prison is about $2.3 million under the job placement program, $3.6 million under the psychological services approach, and $4.4 million under the combination program.

This illustration brings out a number of points. First, often what appears to be the most "effective" program may not be the most cost-effective. In this instance the governmental cost for each additional nonrecidivous man would have been twice as high had the most "effective" treatment been used as a basis for program selection. Second, not only may effectiveness rankings differ from cost-effectiveness rankings, but the total social costs of making the wrong choice by not considering program costs may be substantial. Third, different measures of cost may provide different implications, as a comparison of the figures on average cost per subject, average cost per nonrecidivous subject, and marginal cost per additional nonrecidivous subject show. Therefore, it is imperative that the appropriate cost comparison be used in order to obtain appropriate results.